

**VIRGINIA:**

**IN THE CIRCUIT COURT FOR HENRICO COUNTY**

**MIDLOTHIAN ENTERPRISES, INC.,**

**Plaintiff,**

**v.**

**Case No.:**

CL18 - 7235-00

**OWNERS INSURANCE COMPANY**

**Serve: CT Corporation System  
4701 Cox Road, Suite 285  
Glen Allen, VA 23060**

**Defendant.**

**COMPLAINT**

Comes now Midlothian Enterprises, Inc. (hereinafter "Plaintiff" or "MEI"), by counsel, and for its Complaint against Owners Insurance Company states as follows:

**COUNT I**

**CLAIM FOR DECLARATORY JUDGMENT RELIEF  
PURSUANT TO VIRGINIA CODE SECTION 8.01-184**

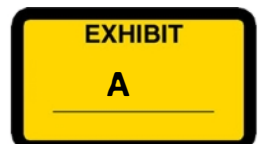
Plaintiff requests this Court to enter an order providing declaratory judgement and all other relief provided pursuant to Virginia Code Section 8.01-184 upon the following grounds:

**PARTIES**

1. At all times relevant to this declaratory judgment action, Plaintiff was a corporation which engaged in the real estate development business with its principal place of business located at 285 River Road West, Manakin Sabot, Virginia.

2. At all times relevant to this declaratory judgment action, E. Bryson Powell ("Mr. Powell") was the President and a shareholder of Plaintiff and Joanne Davis ("Ms.

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RECEIVED & FILED IN OFFICE  
*Sharon Wheeler*  
Deputy Clerk, Henrico Circuit Court



Davis”), was an employee of Plaintiff and acted within the scope of her employment by Plaintiff.

3. At all times relevant to this declaratory judgment action, Owners Insurance Company (“Defendant” or “Owners Insurance”) was a property and casualty insurer licensed to do business in the Commonwealth of Virginia and engaged in the business of issuing property and casualty insurance policies in the Commonwealth of Virginia.

4. At all times relevant to this declaratory judgment action, Ryan S. Burnette (“Mr. Burnette”) was an employee of Defendant, employed as a Senior Claim Representative and located in the Commonwealth of Virginia, and acted within the scope of his employment as a Senior Claim Representative on behalf of Owner’s Insurance.

#### **ISSUANCE OF INSURANCE POLICY BY DEFENDANT**

5. At all times relevant to this declaratory judgment action, Plaintiff was insured by Defendant through Defendant’s issuance of the Tailored Protection Policy, Policy # 43771403, with effective dates of 5/1/18 to 5/1/19, a copy of which is attached hereto and incorporated herein as Plaintiff’s Exhibit No.1.

6. In Plaintiff’s Exhibit No.1 Defendant’s policy of insurance provided the insurance coverage by the terms and conditions set forth in Plaintiff’s Exhibit No.1, including but not limited to the “Building and Personal Property Coverage Form,” Insurance Coverage Form No. 64000, which was amended to provide additional personal property insurance coverage, to a limit of \$50,000, through the terms and conditions set forth in two endorsements, Endorsement Insurance Coverage Form No.

54220, "Forgery or Alteration," which "adds Crime Coverage to the ... Building and Personal Property Coverage Form," and Endorsement Insurance Coverage Form No. 54219, "Money and Securities," which "modifies coverage under the ... Building and Personal Property Coverage Form."

**LOSS INCURRED BY PLAINTIFF**

7. On or about October 5, 2018, unknown to Plaintiff, Mr. Powell, or Ms. Davis, criminal internet hackers had gained unauthorized access to the email account of Mr. Powell.

8. On October 5, 2018, unknown to Plaintiff, Mr. Powell, and Ms. Davis, these criminal internet hackers fraudulently altered, drafted, and emailed to Ms. Davis the October 5, 2018 email purportedly from Mr. Powell to Ms. Davis, wherein Mr. Powell purportedly directed and ordered Ms. Davis to wire \$42,302.46 from Plaintiff's bank account in order to pay for the subscription and purchase of an LLC membership interest for the benefit of Plaintiff in Fanalter, LLC, as purportedly confirmed in Jim Moses' email forwarded with Mr. Powell's email as set forth in Plaintiff's Exhibit No. 2.

9. Pursuant to the normal business practices of Plaintiff, Mr. Powell, and Ms. Davis, when Ms. Davis received this email referred to in Plaintiff's Exhibit No. 2 she believed that it came from Mr. Powell and she complied with the purported order and direction of Mr. Powell and wired \$42,302.46 from Plaintiff's bank account in Richmond, Virginia to the Fanalter bank account in Regions Bank in Huntsville, Alabama, in order to pay for the 2018 subscription and purchase of an LLC membership interest for the benefit of Plaintiff in the purported entity referred to as Fanalter, LLC.

10. However, the purported October 5, 2018 email from Jim Moses to Bryce Powell confirming the investment subscription and purchase of membership interests in Fanalter, LLC, and the purported email from Mr. Powell to Ms. Davis directing her to wire this \$42,302.46, were completely false and the result of the intentional, criminal, and fraudulent actions of unknown internet hackers, who as a result of their fraudulent misrepresentations set forth in these emails set forth in Plaintiff's Exhibit No. 2 stole the \$42,302.46 wired from Plaintiff's bank account in Richmond, Virginia.

11. As a direct and proximate result of the intentional, criminal, and fraudulent actions and misrepresentations of these unknown internet hackers, as set forth in the emails in Plaintiff's Exhibit No. 2, Mr. Powell never received the purported October 5, 2018 email from Jim Moses; Mr. Powell never emailed the aforesaid October 5, 2018 email or the later October 5, 2108 email to JoAnne Davis; and Plaintiff's investment in Fanalter, LLC and its bank account located at Regions Bank in Huntsville, Alabama were completely fraudulent, fictitious, and false; and Plaintiff incurred a loss of \$42,302.46.

#### **DEFENDANT'S DENIAL**

#### **OF PLAINTIFF'S CLAIMS FOR COVERAGE**

12. On or about October 11, 2018, Plaintiff submitted a claim for this loss with Defendant pursuant to the terms of the policy issued to Plaintiff, as set forth in Plaintiff's Exhibit No.1.

13. On or about October 11, 2018 and prior to October 18, 2018, as a part of its claim for coverage under the policy issued by Defendant, Plaintiff provided Defendant with a copy of Plaintiff's Exhibit No. 2 and other information relating to



Plaintiff's October 5, 2018 loss of \$42,302.46, as well as information relating to a second similar loss of \$141,387.20 that Plaintiff incurred on October 9, 2018 as result of a similar, fraudulent email.

14. On or about October 18, 2018, Plaintiff received a letter from Mr. Burnette on behalf of Defendant denying insurance coverage for these thefts and the financial losses incurred by Plaintiff resulting therefrom, which is attached hereto and incorporated herein as Plaintiff's Exhibit No. 3.

15. In explaining the grounds for his denial of Plaintiff's claim for coverage under its policy Mr. Burnette cited language contained in the "Money and Securities Endorsement Form" to this policy, Form #54219 (12-10), including, but not limited to:

**A. A. Coverage is amended as follows:**

2. Under 4. **Additional Coverages**, the following Additional Coverage is added:

**Money And Securities**

**a. Inside the Premises**

(1) We will pay for loss of "money" and "securities" inside the "premises" or a "banking premises" resulting directly from:

- (a) "Theft"; or
- (b) Disappearance or destruction

**B. Exclusions**

2. We will not pay for loss caused by any of the following:

**n. Voluntary Parting of Title To Or Possession Of Property:**

Loss resulting from you or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

16. Mr. Burnette further stated the grounds for Owner Insurance's denial of Plaintiff's claim for insurance coverage as follows in Plaintiff's Exhibit No. 3:

The Money and Securities endorsement modifies the policy by providing coverage ... up to a limit of \$50,000. The endorsement excludes losses that result from voluntary parting with property induced by a dishonest act. As the "hacker" provided a document which induced Midlothian to voluntarily wire \$183,689.66 to a fraudulent account, we are unable to provide coverage for this claim.

17. Thus, Defendant denied Plaintiff's claims for insurance coverage for the October 5, 2018 and October 9, 2018 fraudulent emails under the terms of the Money and Securities Endorsement to its policy.

**DEFENDANT'S POLICY PROVIDED INSURANCE COVERAGE FOR  
PLAINTIFF'S OCTOBER 5, 2018 LOSS**

18. Plaintiff's policy of insurance with Defendant also included a "Forgery or Alteration" Endorsement, Endorsement #54220.

19. This endorsement states in part:

This endorsement adds Crime Coverage to the following:

**Building and Personal Property Coverage Form ...**

**A. Coverage**

We will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

**1. Covered Instruments:** Checks, drafts, promissory notes, or similar written promises, orders of directions to pay a sum certain in "money" that are:

a. Made or drawn by or drawn upon you;

b. Made or drawn by one acting as your agent; or that are purported to have been so made or drawn;

**2. Covered Cause of Loss:** Forgery or alteration of, on or in any Covered Instrument.

20. Plaintiff's \$42,302.46 loss was insured and covered by the "Forgery or Alteration" Endorsement, Endorsement No. 54220, of its Owners Insurance policy, Plaintiff's Exhibit No. 1, because the clear language of the "Forgery or Alteration" Endorsement, Form No. 54220, of Plaintiff's Owners Insurance policy provides insurance coverage for a "...loss involving ... orders of directions to pay a sum certain in 'money' that are... made or drawn by or drawn upon you (i.e. the named insured (Plaintiff)) or made or drawn by one acting as your agent; or that are purported to have been so made or drawn ... (i.e. Mr. Powell's purported October 5, 2018 email)" and that "...result directly from ... forgery or alteration of ... any Covered Instrument (i.e. the email).

21. Under the facts of this case the Owners Insurance policy provides insurance coverage for Plaintiff's loss because it was a loss resulting from an email order or direction to pay a sum certain in money that was drawn upon Plaintiff's bank account and resulted directly from the forgery or alteration of the October 5, 2018 email purportedly made by Mr. Powell, acting as the agent of Plaintiff, ordering and directing Ms. Davis to wire \$42,302.46 from Plaintiff's bank account in Richmond, Virginia to the Fanalter bank account in of Regions Bank in Huntsville, Alabama, in order to pay for the 2018 subscription and purchase of an LLC membership interest for the benefit of Plaintiff in the purported entity referred to as Fanalter, LLC.

22. In Plaintiff's Exhibit No. 3 Mr. Burnette admits that this email, or this "document," ... was "provided by the "hacker"" and "... induced Midlothian to voluntarily wire \$183,689.66 to a fraudulent account."

23. Moreover, Plaintiff's \$42,302.46 loss is insured not only by the terms of the "Forgery or Alteration" Endorsement, Form No. 54220, but also the terms of the "Money and Securities" Endorsement, Form No. 54219.

24. However, although requested to do so on behalf of Plaintiff, Mr. Burnette and Defendant refused to re-evaluate or reconsider the denial of insurance coverage set forth in Plaintiff's Exhibit No. 3, pursuant to the terms and conditions of the "Forgery or Alteration" Endorsement, Form No. 54220, and closed its file for Plaintiff's claims on or about October 18, 2018.

25. Mr. Burnette's reference to a loss of \$183,689.66 in Plaintiff's Exhibit No. 3 includes the October 5, 2018 \$42,302.46 loss in question, as well as a second loss of \$141,387.20 incurred as a result of a similar October 9, 2018 fraudulent email.

26. After Defendant denied insurance coverage, as stated in Plaintiff's Exhibit No. 3, refused to reevaluate or reconsider the denial of insurance coverage, and closed its claim file for Plaintiff's claims on or about October 18, 2018, Plaintiff's second loss of \$141,387.20 was recovered through the actions of a third party. However, the October 5, 2018 \$42,302.46 loss has never been recovered.

WHEREFORE, pursuant to Virginia Code Section 8.01-184, Plaintiff moves this Court to enter an order entering judgement in favor of Plaintiff and against Defendant, Owners Insurance Company, making findings of fact and conclusions of law, adjudicating, determining and declaring that all facts alleged as set forth in this Complaint are true; that for the reasons set forth above Plaintiff's loss of \$42,302.46 was insured by Defendant through a Tailored Protection Policy, Policy # 43771403, with effective dates of 5/1/18 to 5/1/19, a copy of which is attached hereto and

incorporated herein as Plaintiff's Exhibit No.1; that Defendant is indebted to Plaintiff in the amount of \$42,302.46, plus interest thereon from October 18, 2018 until the date of judgment; and awarding judgment in favor of Plaintiff and against Defendant, Owners Insurance Company, in the monetary amount of \$42,302.46, plus interest thereon from October 18, 2018 until the date of judgment.

## **COUNT II**

### **CLAIM FOR BAD FAITH PURSUANT TO VIRGINIA CODE SECTION 38.2-209**

For its claim of bad faith pursuant to Virginia Code Section 38.2-209, Plaintiff represents as follows:

1. All allegations set forth in paragraphs No. 1 through 26 of Count I are hereby referred to and incorporated by reference herein.
2. On or about October 11, 2018 Plaintiff submitted a claim for this loss with Defendant pursuant to the terms of the policy issued to Plaintiff as set forth in Plaintiff's Exhibit A.
3. On or about October 18, 2018, upon receipt of Plaintiff's Exhibit No. 3, Plaintiff's insurance agent immediately called Mr. Burnette and discussed his October 18, 2018 letter and the insurance coverage issues applicable to Plaintiff's losses.
4. Plaintiff's insurance agent explained to Mr. Burnette that Plaintiff was a victim of crimes and incurred monetary losses as a result of the fraudulent and criminal acts of these unknown perpetrators.
5. Plaintiff's insurance agent told Mr. Burnette that he had reviewed in detail Plaintiff's insurance policy, Plaintiff's Exhibit No.1, and it was his interpretation that the

“Forgery or Alteration” Endorsement of Plaintiff’s Exhibit No.1 might possibly be relevant to the questions of coverage and might provide coverage for Plaintiff’s monetary losses.

6. “Aren’t these losses covered as fraud?” Plaintiff’s insurance agent asked Mr. Burnette.

7. Mr. Burnette replied, “No. We consider Plaintiff’s losses to be money covered under the Money and Securities Endorsement and excluded because the insured voluntarily parted with it.”

8. The actions of Defendant, including but not limited to Mr. Burnette acting as its employee and authorized agent, in denying coverage for Plaintiff’s losses based solely on the terms of the Money and Securities Endorsement and ignoring the applicability of the terms of the Forgery or Alteration Endorsement, as set forth in Mr. Burnette’s October 18, 2018 letter, Plaintiff’s Exhibit No.3, as well as set forth in his oral response on or about October 18, 2018 to Plaintiff’s insurance agent, constitute unreasonable and bad faith actions by Defendant in violation of Virginia Code Section 38.2 -209 because the evidence does not support these denials of coverage; Defendant’s responses to Plaintiff’s coverage claim for its losses, including Defendant’s written response in Plaintiff’s Exhibit No.1, as well as Mr. Burnette’s oral response stated on or about October 18, 2018 to Plaintiff’s insurance agent, were not reasonable and do not involve reasonably debatable questions of law and fact.

9. The actions of Defendant, including but not limited to Mr. Burnette acting as its employee and authorized agent, in denying coverage for Plaintiff’s losses based solely on the terms of the Money and Securities Endorsement and ignoring the applicability of the terms of the “Forgery or Alteration” Endorsement, as set forth in Mr.

Burnette's October 18, 2018 letter, Plaintiff's Exhibit No.3, as well as Mr. Burnette's oral response stated on or about October 18, 2018 to Plaintiff's insurance agent; in refusing to undertake reconsideration of the accuracy of the grounds for such denial of coverage; in refusing to reconsider additional information relevant to the questions of coverage, namely that the terms of the "Forgery or Alteration" Endorsement were applicable to Plaintiff's losses; in refusing to issue a written reevaluation of Defendant's denial of coverage set forth in Mr. Burnette's October 18, 2018 letter, Plaintiff's Exhibit No.3, in order to consider insurance coverage under the terms of the "Forgery or Alteration" Endorsement; and the other actions and omissions to act of Defendant in denying coverage for Plaintiff's \$42,302.46 loss, constitute unreasonable and bad faith actions by Defendant in violation of Virginia Code Section 38.2 -209.

10. As a direct and proximate result of unreasonable and bad faith actions by Defendant Plaintiff has incurred a loss of \$42,302.46 loss which is clearly covered by the terms of the "Forgery or Alteration" Endorsement, Form No. 54220.

11. In addition Plaintiff has incurred compensatory and consequential damages, including but not limited to attorney's fees and expenses, other litigation expenses, and consultant expenses in the past and in the future in the amount of One Hundred, Fifty Thousand Dollars (\$150,000.00).

WHEREFORE, pursuant to Virginia Code Section 8.01-184, Plaintiff moves this Court to enter an order entering judgement in favor of Plaintiff and against Defendant, Owners Insurance Company, making findings of fact and conclusions of law, and adjudicating, determining and declaring that all facts alleged as set forth in this Complaint are true; that Plaintiff's \$42,302.46 loss set forth hereinabove is insured by

the "Forgery or Alteration" Endorsement, Endorsement No. 54220, of its Owners Insurance policy, pursuant to the terms set forth in Plaintiff's Exhibit No. 1; that the actions and omissions to act of Defendant and its employee, Mr. Burnette, were unreasonable and constitute bad faith pursuant to Virginia Code Section 38.2-209; and awarding judgment in favor of Plaintiff and against Defendant, Owners Insurance Company, in the monetary amount of \$42,302.46, plus interest thereon from October 18, 2018 until the date of judgment and awarding Plaintiff its attorney's fees and other compensatory and consequential damages in the amount of One Hundred, Fifty Thousand Dollars (\$150,000.00), pre-judgment interest from October 18, 2018 until the date of judgment, and its court cost expended herein.

**TRIAL BY JURY IS HEREBY DEMANDED FOR ALL TRIABLE ISSUES  
PRESENTED IN COUNTS I AND II.**

**MIDLOTHIAN ENTERPRISES, INC.**

**By Counsel**

A handwritten signature in black ink, appearing to read "John A. Conrad", written over a horizontal line.

John A. Conrad (VSB #17640)  
THE CONRAD FIRM  
1520 West Main Street, Suite 204  
Richmond, VA 23220  
Phone: 804-359-6062  
Fax: 804-359-6064



RECEIVED  
DEC 27 2018  
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HENRICO CIRCUIT COURT

45-0064-00  
STRAUS ITZKOWITZ LECOMPTE INS AGY INC  
5310 MARKEL RD STE203  
RICHMOND VA 23230-3030

## ***Auto-Owners*** **INSURANCE**

LIFE • HOME • CAR • BUSINESS

P.O. BOX 30660 • LANSING, MICHIGAN 48909-8160

Owners Insurance Company

06-11-2018

MIDLOTHIAN ENTERPRISES INC  
PO BOX 190  
MANAKIN SABOT VA 23103-0190

**Remember**, you can view your policy, pay your bill or change your paperless options any time online, at **[www.auto-owners.com](http://www.auto-owners.com)**. If you have not already enrolled your policy, you may do so using policy number **184645-43771403-18** and Personal ID Code (PID) **TSP 5C5 2C6**.

Your agency's phone number is 804-288-8500.

RE: Policy 184645-43771403-18

Thank you for selecting Auto-Owners Insurance Group to serve your insurance needs! Feel free to contact your independent Auto-Owners agent with questions you may have.

Auto-Owners and its affiliate companies offer a variety of programs, each of which has its own eligibility requirements, coverages and rates. In addition, Auto-Owners also offers many billing options. Please take this opportunity to review your insurance needs with your Auto-Owners agent, and discuss which company, program, and billing option may be most appropriate for you.

Auto-Owners Insurance Company was formed in 1916. The Auto-Owners Insurance Group is comprised of five property and casualty companies and a life insurance company. Our A++ (Superior) rating by A.M. Best Company signifies that we have the financial strength to provide the insurance protection you need.

*~ Serving Our Policyholders and Agents Since 1916 ~*



**Owners**

Page 1

Issued 06-11-2018

INSURANCE COMPANY  
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

**TAILORED PROTECTION POLICY DECLARATIONS**

AGENCY STRAUS ITZKOWITZ LECOMPTE INS AGY INC  
45-0064-00 MKT TERR 091 804-288-8500

New Business Effective 05-01-2018

**POLICY NUMBER 184645-43771403-18**

INSURED MIDLOTHIAN ENTERPRISES INC  
SEE FORM 59270

Company Use 43-46-VA-1805

ADDRESS PO BOX 190

Company  
Bill**Policy Term**

12:01 a.m.	12:01 a.m.
05-01-2018	05-01-2019

MANAKIN SABOT VA 23103-0190

55039 (11-87)

**COMMON POLICY INFORMATION****Business Description:** Land**Entity:** Corporation**Program:** Premier Office Mercantile Special

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART(S):	PREMIUM
COMMERCIAL PROPERTY COVERAGE	\$726.00
MINIMUM PROPERTY PLUS PREMIUM ADJUSTMENT (CP)	\$230.00
MINIMUM EQUIPMENT BREAKDOWN PREMIUM ADJUSTMENT (CP)	\$23.00
COMMERCIAL GENERAL LIABILITY COVERAGE	\$3,267.00
<b>TOTAL</b>	<b>\$4,246.00</b>
<b>PAID IN FULL DISCOUNT</b>	<b>\$391.00</b>
<b>TOTAL POLICY PREMIUM IF PAID IN FULL</b>	<b>\$3,855.00</b>

**THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.**

The Paid in Full Discount does not apply to fixed fees, statutory charges or minimum premiums.

Premium shown above for commercial general liability coverage is an advanced premium deposit and may be subject to audit.

Forms that apply to all coverage part(s) shown above (except garage liability, dealer's blanket, commercial automobile, if applicable):

IL0017 (11-85) 55003 (07-12) 59390 (01-15)

A merit rating plan factor of 0.90 applies.

Countersigned By: \_\_\_\_\_

Owners Ins. Co.

Issued 06-11-2018

AGENCY STRAUS ITZKOWITZ LECOMPTE INS AGY INC  
45-0064-00 MKT TERR 091Company POLICY NUMBER 184645-43771403-18  
Bill 43-46-VA-1805

INSURED MIDLOTHIAN ENTERPRISES INC

Term 05-01-2018 to 05-01-2019

54104 (07-87)

**COMMERCIAL PROPERTY COVERAGE**

55198 (12-10)

**PREMIER PROPERTY PLUS COVERAGE PACKAGE DECLARATION**

The coverages and limits below apply separately to each location or sublocation that sustains a loss to covered property and is designated in the Commercial Property Coverage Declarations.

\*\* The deductible (DED) which applies to each coverage indicated below is the same as the deductible which applies to each location and sublocation shown on the Commercial Property Coverage Declarations, unless otherwise indicated:

COVERAGE	LIMIT	DEDUCTIBLE
ACCOUNTS RECEIVABLE	\$200,000	**
BAILEES	\$15,000	**
	\$10,000 PER ITEM	
BUSINESS INCOME & EXTRA EXPENSE INCLUDING NEWLY ACQUIRED LOCATIONS	\$150,000	NONE
DEBRIS REMOVAL	\$100,000	NONE
ELECTRONIC DATA PROCESSING EQUIPMENT	\$100,000	**
EMPLOYEE DISHONESTY	\$50,000	**
FINE ARTS, COLLECTIBLES AND MEMORABILIA	\$50,000	**
	\$10,000 PER ITEM	
FIRE DEPARTMENT SERVICE CHARGE	\$25,000	NONE
FORGERY AND ALTERATION	\$50,000	**
MONEY AND SECURITIES INSIDE PREMISES	\$50,000	**
MONEY AND SECURITIES OUTSIDE PREMISES	\$50,000	**
NEWLY ACQUIRED BUSINESS PERSONAL PROPERTY	\$500,000 FOR 90 DAYS	**
NEWLY ACQUIRED OR CONSTRUCTED PROPERTY	\$1,000,000 FOR 90 DAYS	**
ORDINANCE OR LAW	SEE COMMERCIAL PROPERTY DECLARATIONS	**
OUTDOOR PROPERTY	\$25,000	**
TREES, SHRUBS OR PLANTS	\$1,000 PER ITEM	
RADIO OR TELEVISION ANTENNAS	\$20,000	**
PERSONAL EFFECTS AND PROPERTY OF OTHERS	\$50,000	**
POLLUTANT CLEAN UP AND REMOVAL	\$100,000	**
PROPERTY IN TRANSIT	\$100,000	**
PROPERTY OFF PREMISES	\$100,000	**
REFRIGERATED PRODUCTS	\$25,000	**
SALESPERSON'S SAMPLES	\$25,000	**

Owners Ins. Co.

Issued 06-11-2018

AGENCY STRAUS ITZKOWITZ LECOMPTE INS AGY INC  
45-0064-00 MKT TERR 091Company POLICY NUMBER 184645-43771403-18  
Bill 43-46-VA-1805

INSURED MIDLOTHIAN ENTERPRISES INC

Term 05-01-2018 to 05-01-2019

55198 (12-10)

**PREMIER PROPERTY PLUS COVERAGE PACKAGE DECLARATION**

COVERAGE	LIMIT	DEDUCTIBLE
UTILITY SERVICES FAILURE	\$150,000	**
VALUABLE PAPERS AND RECORDS ON PREMISES	\$150,000	**
VALUABLE PAPERS AND RECORDS OFF PREMISES	\$25,000	**
WATER BACK-UP FROM SEWERS OR DRAINS	\$50,000	NONE

Forms that apply to this coverage part:

64004 (12-10)	54198 (12-10)	54334 (12-10)	54267 (12-10)	54189 (12-10)
54186 (12-10)	54218 (03-13)	54217 (03-13)	54216 (03-13)	54214 (03-13)
54221 (12-10)	54220 (06-00)	54219 (12-10)	54338 (03-13)	54339 (03-13)
64010 (12-10)	64000 (12-10)			

**Coverages Provided**

Insurance at the described premises applies only for coverages for which a limit of insurance is shown.

**LOCATION 0001 - BUILDING 0001****Location:** 285 River Road West, Manakin Sabot, VA 23103-3201**Occupied As:** Office**Secured Interested Parties:** None**Rating Information**

Territory: 190

County: Goochland

Program: Premier Office

Construction: Frame

Protection Class: 05

Class Code: 0702

Class Rate - Building: 0.262

COVERAGE	COINSURANCE	DEDUCTIBLE	LIMIT	RATE	PREMIUM
BUILDING			\$201,237		
Causes of Loss					
Basic Group I	80%	\$1,000		0.155	\$312.00
Basic Group II	80%	\$1,000		0.095	\$191.00
Special	80%	\$1,000		0.054	\$109.00
Theft	80%	\$1,000			Included
OPTIONAL COVERAGE					
Agreed Value Exp Date 05-01-2019					
Inflation Guard Factor Building 1.026					
Replacement Cost					
Equipment Breakdown		\$1,000	See Form 54843		\$12.00
Property Plus Coverage Package		\$1,000	See 55198 (12-10)		\$95.00
Tier: Premier					

Owners Ins. Co.

Issued 06-11-2018

AGENCY STRAUS ITZKOWITZ LECOMPTE INS AGY INC  
45-0064-00 MKT TERR 091Company POLICY NUMBER 184645-43771403-18  
Bill 43-46-VA-1805

INSURED MIDLOTHIAN ENTERPRISES INC

Term 05-01-2018 to 05-01-2019

COVERAGE	COINSURANCE	DEDUCTIBLE	LIMIT	RATE	PREMIUM
ORDINANCE OR LAW					
Coverage A-Undamaged Portion		\$1,000	Incl in Bldg Limit		Included
Coverage B-Demolition		\$1,000	\$160,000		Included
Coverage C-Increased Cost		\$1,000	\$160,000		Included

## Forms that apply to this building:

59353 (01-08)	54833 (07-08)	IL0152 (10-15)	IL0003 (07-02)	IL0022 (05-87)
54740 (05-02)	64224 (01-16)	CP0130 (10-15)	CP0090 (07-88)	CP0203 (01-12)
59509 (11-15)	64000 (12-10)	64013 (12-10)	64010 (12-10)	54843 (12-10)
54267 (12-10)	64004 (12-10)	54334 (12-10)	54338 (03-13)	54339 (03-13)
59390 (01-15)				

## COMMERCIAL PROPERTY COVERAGE - LOCATION 0001 SUMMARY

TERRORISM - CERTIFIED ACTS SEE FORM: 59353, 54833, 59390

PREMIUM

\$7.00

LOCATION 0001

\$726.00

55040 (11-87)

## COMMERCIAL GENERAL LIABILITY COVERAGE

COVERAGE	LIMITS OF INSURANCE
General Aggregate (Other Than Products-Completed Operations)	\$2,000,000
Products-Completed Operations Aggregate	\$2,000,000
Personal Injury and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
<b>COMMERCIAL GENERAL LIABILITY PLUS ENDORSEMENT</b>	
Damage to Premises Rented to You (Fire, Lightning, Explosion, Smoke or Water Damage)	\$300,000 Any One Premises
Medical Payments	\$10,000 Any One Person
Hired Auto & Non-Owned Auto	\$1,000,000 Each Occurrence
Expanded Coverage Details See Form:	
Extended Watercraft	
Personal Injury Extension	
Broadened Supplementary Payments	
Broadened Knowledge Of Occurrence	
Additional Products-Completed Operations Aggregate	
Blanket Additional Insured - Lessor of Leased Equipment	
Blanket Additional Insured - Managers or Lessors of Premises	
Newly Formed or Acquired Organizations Extension	

Owners Ins. Co.

Issued 06-11-2018

AGENCY STRAUS ITZKOWITZ LECOMPTE INS AGY INC  
45-0064-00 MKT TERR 091Company POLICY NUMBER 184645-43771403-18  
Bill 43-46-VA-1805

INSURED MIDLOTHIAN ENTERPRISES INC

Term 05-01-2018 to 05-01-2019

COVERAGE	LIMITS OF INSURANCE
Blanket Waiver of Subrogation	
Twice the "General Aggregate Limit", shown above, is provided at no additional charge for each 12 month period in accordance with form 55300.	

AUDIT TYPE: Annual Audit

Forms that apply to this coverage:

59353 (01-08)	55405 (07-08)	55146 (06-04)	55592 (02-14)	55421 (05-09)
55489 (02-11)	IL0021 (07-02)	55296 (09-09)	55637 (09-14)	55300 (07-05)
55513 (11-11)	55306 (10-15)	IL0017 (11-85)	55556 (03-13)	55718 (11-15)
55279 (12-04)	55238 (06-04)	59390 (01-15)		

**LOCATION 0001 - BUILDING 0001**

Location: 285 River Road West, Manakin Sabot, VA 23103-3201

Territory: 004

County: Goochland

CLASSIFICATION	CODE	SUBLINE	PREMIUM BASIS	RATE	PREMIUM
Commercial General Liability Plus Endorsement Included At 7.5% Of The Premises Operation Premium	00501	Prem/Op	Prem/Op Prem Included	Included	Included
Real Estate Agents	47050	Prem/Op Prod/Comp Op	Payroll \$76,300 \$76,300	Each 1000 2.589 .031	\$198.00 \$2.00

COMMERCIAL GENERAL LIABILITY COVERAGE - LOCATION 0001 SUMMARY	PREMIUM
TERRORISM - CERTIFIED ACTS SEE FORM: 59353, 55405, 59390	\$2.00
LOCATION 0001	\$202.00

**LOCATION 0002 - BUILDING 0001**

Location: Woodland Pond Subdivision, Chesterfield, VA 23832

Territory: 006

County: Chesterfield

CLASSIFICATION	CODE	SUBLINE	PREMIUM BASIS	RATE	PREMIUM
Mineral Rights	49451	Prem/Op Prod/Comp Op	Flat Charge 152 152	Each 1 1.306 .010	\$199.00 \$2.00

COMMERCIAL GENERAL LIABILITY COVERAGE - LOCATION 0002 SUMMARY	PREMIUM
TERRORISM - CERTIFIED ACTS SEE FORM: 59353, 55405, 59390	\$2.00
LOCATION 0002	\$203.00

Owners Ins. Co.

Issued 06-11-2018

AGENCY STRAUS ITZKOWITZ LECOMPTE INS AGY INC  
45-0064-00 MKT TERR 091Company POLICY NUMBER 184645-43771403-18  
Bill 43-46-VA-1805

INSURED MIDLOTHIAN ENTERPRISES INC

Term 05-01-2018 to 05-01-2019

**LOCATION 0003 - BUILDING 0001****Location:** Pear Amberwood Subdivision, Chesterfield, VA 23832**Territory:** 006**County:** Chesterfield

CLASSIFICATION	CODE	SUBLINE	PREMIUM BASIS	RATE	PREMIUM
Mineral Rights	49451	Prem/Op Prod/Comp Op	Flat Charge 107 107	Each 1 1.306 .010	\$140.00 \$1.00

COMMERCIAL GENERAL LIABILITY COVERAGE - LOCATION 0003 SUMMARY	PREMIUM
TERRORISM - CERTIFIED ACTS SEE FORM: 59353, 55405, 59390	\$1.00
<b>LOCATION 0003</b>	<b>\$142.00</b>

**LOCATION 0004 - BUILDING 0001****Location:** Walnut Hill Drive, Chesterfield, VA 23146**Territory:** 004**County:** Hanover

CLASSIFICATION	CODE	SUBLINE	PREMIUM BASIS	RATE	PREMIUM
Real Estate Development Property	47051	Prem/Op Prod/Comp Op	Acres 60 60	Each 1 44.068 .434	\$2,644.00 \$26.00

COMMERCIAL GENERAL LIABILITY COVERAGE - LOCATION 0004 SUMMARY	PREMIUM
TERRORISM - CERTIFIED ACTS SEE FORM: 59353, 55405, 59390	\$27.00
<b>LOCATION 0004</b>	<b>\$2,697.00</b>

**LOCATION 0005 - BUILDING 0001****Location:** 11110 Nash Rd, Chesterfield, VA 23838-6210**Territory:** 006**County:** Chesterfield

CLASSIFICATION	CODE	SUBLINE	PREMIUM BASIS	RATE	PREMIUM
Mineral Rights	49451	Prem/Op Prod/Comp Op	Flat Charge 17 17	Each 1 1.306 .010	\$22.00 \$1.00

COMMERCIAL GENERAL LIABILITY COVERAGE - LOCATION 0005 SUMMARY	PREMIUM
TERRORISM - CERTIFIED ACTS SEE FORM: 59353, 55405, 59390	INCLUDED
<b>LOCATION 0005</b>	<b>\$23.00</b>



59270 (2-97)

## NAMED INSURED SCHEDULE

MIDLOTHIAN ENTERPRISES INC

CHESTERFIELD LAND & TIMBER CORP

ENTITY: CORPORATION

FRANCES POWELL TRUSTEE, BRYSON HUNTER TRUST AGREEM

ENTITY: TRUSTEE

54220 (6-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FORGERY OR ALTERATION**

This endorsement adds Crime Coverage to the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

### **A. COVERAGE**

We will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

1. **Covered Instruments:** Checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:
  - a. Made or drawn by or drawn upon you;
  - b. Made or drawn by one acting as your agent; orthat are purported to have been so made or drawn.

2. **Covered Cause of Loss:** Forgery or alteration of, on or in any Covered Instrument.

3. **Coverage Extension**

**Legal Expenses:** If you are sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and you have our written consent to defend the suit, we will pay for any reasonably legal expenses that you incur and pay in that defense. The amount we will pay under this extension is in addition to the Limit of Insurance applicable to this insurance.

### **B. EXCLUSIONS**

We will not pay for loss as specified below:

1. **Acts Committed by You or Your Partners:** Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.
2. **Acts of Employees, Directors, or Trustees:** We will not pay for loss resulting from any dishonest or criminal act committed by any of your "employees", directors, or trustees:
  - a. Whether acting alone or in collusion with other persons; or
  - b. Whether while performing services for you or otherwise.
3. **Governmental Action:** Loss resulting from seizure or destruction or property by order of governmental authority.

4. **Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:
  - a. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Instruments.
  - b. Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
  - c. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.
5. **Legal Expenses:** Expenses related to any legal action.
6. **Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
7. **War and Similar Actions:** Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

#### C. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the Limit of Insurance shown in the Declarations for FORGERY AND ALTERATION.

#### D. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations for FORGERY AND ALTERATION. We will then pay the amount of loss in excess of the Deductible Amount up to the Limit of Insurance. This provision does not apply to legal expenses paid under the Coverage Extension.

#### E. GENERAL CONDITIONS

1. **Consolidation - Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:
  - a. Any additional persons become "employees"; or
  - b. You acquire the use and control of any additional "premises";any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", but only if you:
  - a. Give us written notice within 30 days thereafter; and
  - b. Pay us an additional premium.
2. **Discovery Period for Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.
3. **Duties in the Event of Loss:** After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Instruments you must:
  - a. Notify us as soon as possible.

- b. Submit to examination under oath at our request and give us a signed statement of your answers.
- c. Give us a detailed, sworn proof of loss within 120 days.
- d. Cooperate with us in the investigation and settlement of any claim.

**4. Joint Insured**

- a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first named Insured.
- b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- c. An "employee" of any Insured is considered to be an "employee" of every Insured.
- d. If this insurance or any of its coverages is canceled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
- e. We will not pay more for loss sustained by more than one Insured than the amount we should pay if all the loss had been sustained by one Insured.

**5. Legal Action Against Us:** You may not bring any legal action against us involving loss:

- a. Unless you have complied with all the terms of this insurance;
- b. Until 90 days after you have filed proof of loss with us; and
- c. Unless brought within 2 years from the date you discover the loss.

**6. Loss Covered Under More Than One Coverage of This Insurance:** If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:

- a. The actual amount of loss; or
- b. The sum of the limits of insurance applicable to those coverages.

**7. Loss Sustained During Prior Insurance**

- a. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:
  - (1) This insurance became effective at the time of cancellation or termination of the prior insurance; and
  - (2) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- b. The insurance under this Condition is part of, not in addition to, the Limits of Insurance and is limited to the lesser of the amount recoverable under:
  - (1) This insurance as of its effective date; or

(2) The prior insurance had it remained in effect.

**8. Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate:** If any loss is covered:

- a. Partly by this insurance; and
- b. Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

**9. Non-Cumulation of Limit of Insurance:** Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

**10. Other Insurance:** This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity, but not or more than the Limit of Insurance.

**11. Ownership of Property; Interests Covered:** The property covered under this insurance is limited to property:

- a. That you own or hold; or
- b. For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

**12. Policy Period**

- a. The Policy Period is shown in the Declarations.
- b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.

**13. Records:** You must keep records of all Covered Instruments so we can verify the amount of any loss.

**14. Recoveries**

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:
  - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
  - (2) Then to us, until we are reimbursed for the settlement made;
  - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.
- b. Recoveries do not include any recovery:
  - (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or

(2) Of original "securities" after duplicates of them have been issued.

**15. Territory:** This insurance covers only acts committed or events occurring within the United States of America, U.S. Virgin Islands, Puerto Rico, Canal Zone or Canada.

**16. Transfer of Your Rights of Recovery Against Others to Us:** You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

**17. Valuation - Settlement**

a. Subject to the Limit of Insurance provision we will pay for:

(1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America;

(a) At face value in the "money" issued by that country; or

(b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

(2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

(a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities";

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

i. Value of the "securities" at the close of the business on the day the loss was discovered; or

ii. Limit of Insurance.

(3) Loss of, or loss from damage to "property other than money and securities" or loss from damage to the "premises" for not more than the:

(a) Actual cash value of the property on the day the loss was discovered;

(b) Cost of repairing the property or "premises"; or

(c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

b. We may, at our option, pay for loss of, or loss from damage to, property other than "money:"

(1) In the "money" of the country in which the loss occurred; or

(2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

c. Any property that we pay for or replace becomes our property.

**18. Facsimile Signatures:** We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.

**19. Proof of Loss:** You must include with your proof of loss any instrument involved in that loss, or if that is not possible, an affidavit setting forth the amount and cause of loss.

## F. DEFINITIONS

1. **"Employee"** means:

a. Any natural person:

(1) While in your service (and for 30 days after termination of service);

(2) Whom you compensate directly by salary, wages or commissions; and

(3) Whom you have the right to direct and control while performing services for you; or

b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding however, any such person while having care and custody of property outside the "premises".

But "employee" does not mean any:

(1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

(2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. **"Money"** means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

3. **"Occurrence"** means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

4. **"Property Other Than Money and Securities"** means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Coverage Form and Property Not Covered.

5. **"Securities"** means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".

All other policy terms and conditions apply.

54219 (12-10)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **MONEY AND SECURITIES**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

**A. A. COVERAGE** is amended as follows:

1. Under **2. Property Not Covered**, a. is deleted and replaced by the following for this endorsement only:
  - a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities.  
However, "money" and "securities" are covered as provided by this endorsement.
2. Under **4. Additional Coverages**, the following Additional Coverage is added:  
**Money And Securities**
  - a. **Inside The Premises**
    - (1) We will pay for loss of "money" and "securities" inside the "premises" or a "banking premises" resulting directly from:
      - (a) "Theft"; or
      - (b) Disappearance or destruction.
    - (2) We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities" if you are the owner of the "premises" or are liable for damage to it.
    - (3) We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the "premises" resulting directly from an actual or attempted:
      - (a) "Theft" of; or
      - (b) Unlawful entry into those containers.
  - b. **Outside The Premises**
    - (1) We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company.  
The loss must result from:
      - (a) "Theft"; or

(b) Disappearance or destruction.

- (2) Any covered "money" and "securities" loss from an armored motor vehicle company, we will pay only for the amount of loss you cannot recover:
  - (a) Under your contract with the armored motor vehicle company; and
  - (b) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

**B. EXCLUSIONS**

1. The Covered Causes Of Loss Form shown in the Declarations as applicable to Property, does not apply to this coverage.
2. We will not pay for loss caused by any of the following:
  - a. **Accounting Or Arithmetical Errors Or Omissions:** Loss resulting from accounting or arithmetical errors or omissions.
  - b. **Acts Committed By You, Your Partners Or Your Members:** Loss resulting from any dishonest or criminal act committed by you or any of your partners or members whether acting alone or in collusion with other persons.
  - c. **Acts Of Employees, Managers, Directors, Trustees Or Representatives:** Loss resulting from any dishonest or criminal act committed by any of your "employees", managers, directors, trustees or authorized representatives:
    - (1) Acting alone or in collusion with other persons; or
    - (2) While performing services for you or otherwise.
  - d. **Exchanges Or Purchases:** Loss resulting from the giving or surrendering of property in any exchange or purchase.
  - e. **Fire:** Loss from damage to the "premises" resulting from fire, however caused.

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- f. **Governmental Action:** Loss resulting from seizure or destruction of property by order of governmental authority.
- g. **Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:
- (1) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, "money" or "securities".
  - (2) Payment of damages of any type for which you are legally liable. However, we will pay compensatory damages arising directly from a loss covered under this insurance.
  - (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.
- h. **Legal Expenses:** Expenses related to any legal action.
- i. **Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
- j. **War And Military Action:** Loss or damage resulting from:
- (1) War, including undeclared or civil war;
  - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
  - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- k. **Money Operated Devices:** Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- l. **Transfer Or Surrender Of Property:**
- (1) Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":
    - (a) On the basis of unauthorized instructions; or
    - (b) As a result of a threat to do:
      - 1) Bodily harm to any person; or
      - 2) Damage to any property.
  - (2) However, this exclusion does not apply under **A.2.b.** above to loss of covered "money" and "securities" while outside the "premises" in the care and custody of a "messenger" if you:
    - (a) Had no knowledge of any threat at the time the conveyance began; or
    - (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
- m. **Vandalism:** Loss from damage to the "premises" or its exterior or to containers of covered "money" and "securities" by vandalism or malicious mischief.
- n. **Voluntary Parting Of Title To Or Possession Of Property:** Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.
- C. LIMIT OF INSURANCE**  
The most we will pay for loss of "money" and "securities" inside the "premises", and outside the "premises" are the Limits of Insurance shown in the Declarations for MONEY AND SECURITIES.
- D. DEDUCTIBLE**  
We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations for MONEY AND SECURITIES. We will then pay the amount of loss in excess of the Deductible Amount up to the Limit of Insurance.
- E. GENERAL CONDITIONS**  
The following Conditions apply in addition to the Common Policy Conditions:
1. **Consolidation - Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:
    - a. Any additional persons become "employees"; or
    - b. You acquire the use and control of any additional "premises"any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", but only if you:
    - a. Give us written notice within 30 days thereafter; and
    - b. Pay us an additional premium.
  2. **Discovery Period For Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.
  3. **Duties In The Event Of Loss**
    - a. After you discover a loss or a situation that may result in loss of, or loss from damage to, covered "money" or "securities" you must:
      - (1) Notify us as soon as possible.

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- (2) Submit to examination under oath at our request and give us a signed statement of your answers.
- (3) Give us a detailed, sworn proof of loss within 120 days.
- (4) Cooperate with us in the investigation and settlement of any claim.
- b. If you have reason to believe that any loss of or loss from damage to, covered "money" or "securities" involves a violation of law, you must notify the police.
- 4. **Joint Insured**
  - a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first named Insured.
  - b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
  - c. An "employee" of any Insured is considered to be an "employee" of every Insured.
  - d. If this insurance or any of its coverages are canceled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
  - e. We will not pay more for loss sustained by more than one Insured than the amount we should pay if all the loss had been sustained by one Insured.
- 5. **Legal Action Against Us:** You may not bring any legal action against us involving loss:
  - a. Unless you have complied with all the terms of this insurance;
  - b. Until 90 days after you have filed proof of loss with us; and
  - c. Unless brought within 2 years from the date you discover the loss.
- 6. **Loss Covered Under More Than One Coverage Of This Insurance:** If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:
  - a. The actual amount of loss; or
  - b. The sum of the limits of insurance applicable to those coverages.
- 7. **Loss Sustained During Prior Insurance**
  - a. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that

- insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:
  - (1) This insurance became effective at the time of cancellation or termination of the prior insurance; and
  - (2) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- b. The insurance under this Condition is part of, not in addition to, the Limits of Insurance and is limited to the lesser of the amount recoverable under:
  - (1) This insurance as of its effective date; or
  - (2) The prior insurance had it remained in effect.
- 8. **Loss Covered Under This Insurance And Prior Insurance Issued By Us Or Any Affiliate:** If any loss is covered:
  - a. Partly by this insurance; and
  - b. Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest
 the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.
- 9. **Non-Cumulation Of Limit Of Insurance:** Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- 10. **Other Insurance:** This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity, but not or more than the Limit of Insurance.
- 11. **Ownership Of Property; Interests Covered:** The property covered under this insurance is limited to property:
  - a. That you own or hold; or
  - b. For which you are legally liable.
 However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.
- 12. **Policy Period**
  - a. The Policy Period is shown in the Declarations.
  - b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss

that you sustain through acts committed or events occurring during the Policy Period.

**13. Records:** You must keep records of all Covered Property so we can verify the amount of any loss.

**14. Recoveries**

a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

- (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
- (2) Then to us, until we are reimbursed for the settlement made; and
- (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

b. Recoveries do not include any recovery:

- (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (2) Of original "securities" after duplicates of them have been issued.

**15. Territory:** This insurance covers only acts committed or events occurring within the United States of America (including its territories and possessions), Puerto Rico and Canada.

**16. Transfer Of Your Rights Of Recovery Against Others To Us:**

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

**17. Valuation - Settlement**

a. Subject to the Limit of Insurance provision we will pay for:

- (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
  - (a) At face value in the "money" issued by that country; or
  - (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
- (2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
  - (a) Pay the value of such "securities" or

replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- 1) Value of the "securities" at the close of the business on the day the loss was discovered; or
- 2) Limit of Insurance.

(3) Loss of, or loss from damage to "property other than money and securities" or loss from damage to the "premises" for not more than the:

- (a) Actual cash value of the property on the day the loss was discovered;
- (b) Cost of repairing the property or "premises"; or
- (c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

b. We may, at our option, pay for loss of, or loss from damage to, property other than "money":

- (1) In the "money" of the country in which the loss occurred; or
- (2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

c. Any property that we pay for or replace becomes our property.

**F. DEFINITIONS**

1. "Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
2. "Employee" means:
  - a. Any natural person:
    - (1) While in your service (and for 30 days after termination of service);
    - (2) Whom you compensate directly by salary, wages or commissions; and

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- (3) Whom you have the right to direct and control while performing services for you; or
- b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding however, any such person while having care and custody of property outside the "premises". However, "employee" does not mean any:
  - (1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
  - (2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.
- 3. "Messenger" means you, any of your partners or any "employee" while having care and custody of the property outside the "premises".
- 4. "Money" means:
  - a. Currency, coins and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
- 5. "Occurrence" means an:
  - a. Act or series of related acts involving one or more persons; or
  - b. Act or event, or a series of related acts or events not involving any person.
- 6. "Premises" means the interior of that portion of any building you occupy in conducting your business.
- 7. "Property Other Than Money And Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Coverage Form as Property Not Covered.
- 8. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
  - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you but does not include "money".
- 9. "Theft" means any act of stealing.
- 10. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

All other policy terms and conditions apply.

## BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. DEFINITIONS.

The descriptions in the headings of this Coverage Form and all applicable endorsements are solely for convenience and form no part of the terms and conditions of coverage.

### A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

#### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in Section A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

- a. **Building**, meaning the building or structure described in the Declarations, including:
  - (1) Completed additions;
  - (2) Fixtures, including outdoor fixtures;
  - (3) Permanently installed:
    - (a) Machinery; and
    - (b) Equipment;
  - (4) Building glass, meaning glass that is part of the building or structure;
  - (5) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
    - (a) Fire-extinguishing equipment;
    - (b) Outdoor furniture;
    - (c) Floor coverings; and
    - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering; and
  - (6) If not covered by other insurance:
    - (a) Additions under construction, alterations and repairs to the building or structure; and
    - (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described prem-

ises, used for making additions, alterations or repairs to the building or structure.

- b. **Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property - Separation Of Coverage endorsement:
  - (1) Furniture and fixtures;
  - (2) Machinery and equipment;
  - (3) "Stock";
  - (4) All other personal property owned by you and used in your business;
  - (5) Labor, materials or services furnished or arranged by you on personal property of others;
  - (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
    - (a) Made a part of the building or structure you occupy but do not own; and
    - (b) You acquired or made at your expense but cannot legally remove; and
  - (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.
- c. **Personal Property Of Others** that is:
  - (1) In your care, custody or control; and



- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and in your care, custody or control, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. "Electronic data", except as provided under the Additional Coverage - Electronic Data. This Paragraph n. does not apply to your "stock" of prepackaged software;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as "electronic data". Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valu-

able Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as "electronic data";

- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or automobiles you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than automobiles, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or

- q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops; or
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

## 3. Covered Causes Of Loss

See applicable Causes Of Loss Form as shown in the Declarations.

## 4. Additional Coverages

### a. Debris Removal

- (1) Subject to Paragraphs (3) and (4) below, we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
  - (a) Extract "pollutants" from land or water; or
  - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4) below, the following provisions apply:
  - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit

of Insurance applicable to the Covered Property that has sustained loss or damage.

- (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.
- (5) **Examples**  
In the following examples, the figures used are for illustrative purposes only and do not reflect your actual insurance.

The following examples assume that there is no Coinsurance penalty.

#### EXAMPLE #1

Limit of Insurance:	\$90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$50,000
Amount of Loss Payable:	\$49,500
	(\$50,000 - \$500)
Debris Removal Expense:	\$10,000
Debris Removal Expense Payable:	\$10,000
(\$10,000 is 20% of \$50,000.)	

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

#### EXAMPLE #2

Limit of Insurance:	\$90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$80,000
Amount of Loss Payable:	\$79,500
	(\$80,000 - \$500)
Debris Removal Expense:	\$30,000
Debris Removal Expense Payable:	
Basic Amount:	\$10,500
Additional Amount:	\$10,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

#### b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 45 days, unless a higher number of days are shown in the Declarations, after the property is first moved.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$2,500 per occurrence, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

**d. Pollutant Clean-up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". However, we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000, unless a higher limit is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**e. Electronic Data**

- (1) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that "electronic data" is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored, with blank media of substantially identical type.
- (2) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
  - (a) If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage, Electronic

Data, is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.

- (b) If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
- (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to coverage provided under this Additional Coverage, Electronic Data.
- (d) The Covered Causes of Loss include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. However, there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

**(3) Limit of Insurance**

- (a) Annual Aggregate Limit – The most we will pay under this Additional Coverage, Electronic Data, for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved is \$10,000, unless a higher limit is shown in the Declarations.
- (b) Per Occurrence Limit - Subject to (a) above, we will pay up to the following amounts in any one occurrence of loss or damage:
  - 1) \$10,000 if the computer system(s) are equipped with active virus scanning or anti-virus software at the time of loss; or



- 2) \$2,500 if the computer system(s) are not equipped with active virus scanning or anti-virus software at the time of loss.

If loss payment for the first occurrence does not exhaust the annual aggregate limit shown in (a) above, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

**f. Fire Extinguisher Systems Recharge Expense**

- (1) We will pay:

- (a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 1,000 feet of the described premises; and
- (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.

- (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- (3) The most we will pay under this Additional Coverage is \$10,000, unless a higher limit is shown in the Declarations, in any one occurrence.

**g. Arson Reward**

- (1) We will pay for information which leads to a conviction for arson in connection with a fire loss to Covered Property insured by this policy.
- (2) The most we will pay per occurrence is \$7,500, unless a higher limit is shown in the Declarations, regardless of the number of persons who provide information.

**h. Theft Reward**

- (1) We will pay for information which leads to a conviction for theft of Covered Property insured by this policy.

- (2) The most we will pay per occurrence is 25% of the amount of covered loss or \$7,500, whichever is less, unless a higher limit is shown in Declarations, regardless of the number of persons who provide information.

**i. Rekeying of Locks**

- (1) If the keys to locks on doors of the building described in the Declarations are a part of a theft loss covered by this policy, we will pay reasonable necessary expenses you incur to rekey locks on doors of the building described in the Declarations.
- (2) The most we will pay per occurrence is \$1,000, unless a higher limit is shown in the Declarations.

**5. Coverage Extensions**

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

If a coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

**a. Newly Acquired Or Constructed Property**

**(1) Buildings**

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
- 1) Similar use as the building described in the Declarations; or
  - 2) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$500,000, unless a higher limit is shown in the Declarations, at each building.

**(2) Your Business Personal Property**

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
- 1) Business personal property (other than "stock"), including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

- 2) Business personal property (other than "stock"), including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

- 3) Business personal property (other than "stock") that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$250,000, unless a higher limit is shown in the Declarations, at each building.

- (b) This Extension does not apply to:

- 1) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- 2) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

### (3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 60 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property, unless a higher number of days are shown in the Declarations; or

- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

### b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.

- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500, unless a higher limit is shown in the Declarations, at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

### c. Valuable Papers and Records (Other Than "Electronic Data")

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. However, this Extension does not apply to valuable papers and records which exist as "electronic data".
- (2) If the Causes Of Loss - Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss - Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay in any one occurrence to replace or restore the lost information is:
  - (a) \$10,000 at each described premises; and
  - (b) \$10,000 while valuable papers and records are away from a described premises unless higher limit(s) are shown in the Declarations. Such amounts are additional insurance.
- (5) We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

### d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property, including "stock",

while it is away from the described premises, if it is:

- (a) Temporarily at a location you do not own, lease or operate;
  - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
  - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to Covered Property:
- (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000, unless a higher limit is shown in the Declarations.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor:

- (1) Fences, trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:
- (a) Fire;
  - (b) Lightning;
  - (c) Explosion;
  - (d) Riot or Civil Commotion; or
  - (e) Aircraft.
- The most we will pay for loss or damage is \$10,000, but not more than \$1,000 for any one tree, shrub or plant, unless higher limits are shown in the Declarations. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.
- (2) Radio and television antennas (including satellite dishes), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:
- (a) Fire;
  - (b) Lightning;
  - (c) Windstorm or Hail;
  - (d) Ice, snow or sleet;
  - (e) Explosion;
  - (f) Riot or Civil Commotion; or

**(g) Aircraft.**

The most we will pay for loss or damage is \$2,000, unless a higher limit is shown in the Declarations. This limit applies to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

**f. Non-owned Detached Trailers**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
- (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
- (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. EXCLUSIONS AND LIMITATIONS**

See applicable Causes Of Loss Form as shown in the Declarations.

**C. LIMITS OF INSURANCE**

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
2. The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$5,000, unless a higher limit is shown in the Declarations, per sign in any one occurrence.
3. The amounts of insurance stated in the following Additional Coverages apply in accordance with

the terms of such coverages and are in addition to the Limit(s) of Insurance shown in the Declarations for any other coverage, unless otherwise indicated:

- a. Fire Department Service Charge;
  - b. Pollutant Clean-up And Removal;
  - c. Electronic Data;
  - d. Fire Extinguisher Systems Recharge Expense;
  - e. Arson Reward;
  - f. Theft Reward; and
  - g. Rekeying of Locks.
4. Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.
5. **Your Business Personal Property Limit - Seasonal Increase**
- a. Subject to Paragraph 5.b. below, the Limit of Insurance for Your Business Personal Property is automatically increased by:
    - (1) The percentage shown in the Declarations for Your Business Personal Property - Seasonal Increase; or
    - (2) 25%, if no percentage is shown in the Declarations for Your Business Personal Property - Seasonal Increase to provide for seasonal variances.
  - b. The increase described above in Paragraph 5.a., will apply only if the Limit of Insurance shown for Your Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
    - (1) The 12 months immediately preceding the date loss or damage occurs; or
    - (2) The period of time you have been in business as of the date the loss or damage occurs.

#### D. DEDUCTIBLE

The applicable Deductible shown in the Declarations will apply unless otherwise stated by endorsement.

In any one occurrence of loss or damage (hereinafter referred to as loss), the Deductible will apply as follows:

- 1. We will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage.
  - a. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss.
  - b. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and

will pay the resulting amount or the Limit of Insurance, whichever is less.

- 2. If Paragraph 1., above does not apply:
    - a. If the amount of loss is less than or equal to the Deductible, we will not pay for that loss.
    - b. If the amount of loss exceeds the Deductible, we will then subtract the Deductible from the loss and will pay the resulting amount or the Limit of Insurance, whichever is less.
- When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. However, the Deductible will be applied only once per occurrence.
- 3. No Deductible applies to the following Additional Coverages:
    - a. Fire Department Service Charge;
    - b. Fire Extinguisher Systems Recharge Expense;
    - c. Arson Reward;
    - d. Theft Reward; and
    - e. Rekeying of Locks.

In the following examples, the figures used are for illustrative purposes only and do not reflect your actual insurance.

The following examples assume there is no Coinsurance penalty.

#### EXAMPLE #1

Deductible:	\$ 250
Limit of Insurance - Building #1:	\$60,000
Limit of Insurance - Building #2:	\$80,000
Loss to Building #1:	\$60,100
Loss to Building #2:	\$90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

$$\begin{array}{r}
 \$60,100 \\
 - \quad 250 \\
 \hline
 \$59,850 \text{ Loss Payable - Building \#1}
 \end{array}$$

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

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Total amount of loss payable:  
\$59,850 + \$80,000 = \$139,850

**EXAMPLE #2**

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1: (Exceeds Limit of Insurance plus Deductible)	\$70,000
Loss to Building #2: (Exceeds Limit of Insurance plus Deductible)	\$90,000
Loss Payable – Building #1: (Limit of Insurance)	\$60,000
Loss Payable - Building #2: (Limit of Insurance)	\$80,000
Total amount of loss payable:	\$140,000

**E. LOSS CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**3. Duties In The Event Of Loss Or Damage**

- a. You must see that the following are done in the event of loss or damage to Covered Property:
  - (1) Notify the police if a law may have been broken.
  - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
  - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request.

We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

**4. Loss Payment**

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
  - (3) Take all or any part of the property at an agreed or appraised value; or



(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b.** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d.** We will not pay you more than your financial interest in the Covered Property.
- e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.
- h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of

subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

#### **5. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice.

If you recover the property, at your option, you may retain the property. You must then return to us the amount we paid to you for the property less any expenses to repair the Covered Property and expenses incurred to recover the property. You may give us the recovered property in which case we will pay recovery expenses, subject to the Limit of Insurance.

If we recover the property, at your option, we may return the property to you. We will pay any recovery expenses, subject to the Limit of Insurance. We will also pay any expenses to repair the Covered Property, subject to the Limit of Insurance. However, before we return the Covered Property or pay for the repair of the Covered Property, you must first return to us the amount we paid to you for the property.

#### **6. Vacancy**

##### **a. Description Of Terms**

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
  - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
  - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
    - 1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
    - 2) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

**b. Vacancy Provisions**

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
  - (a) Vandalism;
  - (b) Sprinkler leakage, unless you have protected the system against freezing;
  - (c) Building glass breakage;
  - (d) Water damage;
  - (e) Theft; or
  - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

**7. Valuation**

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:

(1) Actual cash value of the lost or damaged property if you make repairs promptly.

(2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

- (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
- (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in the procedure.

(3) Nothing if others pay for repairs or replacement.

**F. ADDITIONAL CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

**1. Coinsurance**

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.



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In the following examples, the figures used are for illustrative purposes only and do not reflect your actual insurance.

**EXAMPLE #1 (UNDERINSURANCE)**

When: The value of the property is: \$250,000  
 The Coinsurance percentage for it is: 80%  
 The Limit of Insurance for it is: \$100,000  
 The Deductible is: \$ 250  
 The amount of loss is: \$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$   
 (the minimum amount of insurance to meet your Co-insurance requirements)

Step (2):  $\$100,000 \div \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

**EXAMPLE #2 (ADEQUATE INSURANCE)**

When: The value of the property is: \$250,000  
 The Coinsurance percentage for it is: 80%  
 The Limit of Insurance for it is: \$200,000  
 The Deductible is: \$ 250  
 The amount of loss is: \$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**EXAMPLE #3**

When: The value of the property is:  
 Building at Location #1: \$ 75,000  
 Building at Location #2: \$100,000  
 Personal Property at Location #2: \$ 75,000  
 \$250,000

The Coinsurance percentage for it is: 90%  
 The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is: \$180,000  
 The Deductible is: \$ 1,000  
 The amount of loss is:

Building at Location #2: \$ 30,000  
 Personal Property at Location #2: \$ 20,000  
 \$ 50,000

Step (1):  $\$250,000 \times 90\% = \$225,000$   
 (the minimum amount of insurance to meet your Co-insurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000 \div \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

**2. Mortgageholders**

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
  - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
  - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.
 All of the terms of this Coverage Part will then apply directly to the mortgageholder.
- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.
 At our option, we may pay to the mortgageholder the whole principal on the mortgage

plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

## G. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

### 1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
  - (1) On or after the effective date of this Optional Coverage; and
  - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

### 2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

In the following example, the figures used are for illustrative purposes only and do not reflect your actual insurance.

### EXAMPLE

If:	The applicable Limit of Insurance is:	\$100,000
	The annual percentage increase is:	8%
	The number of days since the beginning of the policy year (or last policy change) is:	146
	The amount of increase is:	
	$\$100,000 \times .08 \times 146 \div 365 =$	\$3,200

### 3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
  - (1) Personal property of others;
  - (2) Contents of a residence;
  - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
  - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
  - (1) Until the lost or damaged property is actually repaired or replaced; and
  - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
  - (1) The Limit of Insurance applicable to the lost or damaged property;
  - (2) The cost to replace the lost or damaged property with other property:
    - (a) Of comparable material and quality; and
    - (b) Used for the same purpose; or
  - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- 4. **Extension Of Replacement Cost To Personal Property Of Others**
  - a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Optional Coverage may also be shown as applicable. If the Declarations show this Optional Coverage as applicable, then Paragraph 3.b.(1) of the Replacement

Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:  
If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

#### H. DEFINITIONS

- 1. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- 2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be re-cycled, reconditioned or reclaimed.
- 3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

## **YOUR INSURANCE AUDIT - HOW TO SAVE TIME AND MONEY**

### **WHAT IS AN INSURANCE AUDIT?**

Insurance audits are typically performed on commercial insurance policies providing auto, general liability, garage liability, umbrella and workers compensation coverages. When these policies are issued, you are asked to pay an estimated premium. Estimated premiums are based on the nature of your business and your estimate of exposures (i.e., payroll, sales, etc.) for the policy period.

Once your policy expires, we conduct an audit to collect information on actual exposures and operations. From this information, we determine the final earned premium. Premium adjustments are then determined by comparing audited exposures and operations with the original policy estimates.

### **WHAT RECORDS ARE NEEDED FOR THE AUDIT?**

Good record keeping is important to the audit process. Accurate records provide and confirm information, save time and minimize your insurance costs. The premium auditor will let you know which of the following records will be needed for your audit when the audit appointment is made.

- **PAYROLL RECORDS** include payroll journal and summary, federal tax reports (941's), state unemployment reports and individual earnings records. Totals should be kept for overtime when applicable.
- **EMPLOYEE RECORDS** include the number of employees and hours, days or weeks worked annually.
- **SALES JOURNAL** includes all goods or products sold, rented and/or distributed as well as service, repair and installation. Sales or excise taxes collected separately and submitted to the government need to be identified in order to be excluded.
- **CHECK REGISTER** and **CASH DISBURSEMENTS** show payments to subcontractors, material costs and payments for casual labor.
- **CERTIFICATES OF INSURANCE** show the subcontractors used during the policy period for construction, erection and/or repair for general liability and workers compensation insurance coverages. They are also used for commercial automobile hired auto coverage.
- **INCOME STATEMENTS** include subcontracted labor costs and payroll amounts.

### **WHEN AND HOW WILL THE AUDIT BE DONE?**

We will collect audit information from you shortly after your policy expires. Smaller, less complex policies may only require that you assemble and send the necessary information to us, or have the information available when a telephone auditor calls.

Larger and more complicated policies are handled by a field auditor, who will schedule an appointment with you shortly after the policy expires.

If you must change or cancel a scheduled appointment, please contact the auditor as far in advance as you can. It is best to schedule and complete this audit within 30 days from your policy expiration date. It is important for the auditor to ask questions about your operations. If you cannot be present to answer questions, someone familiar with the specifics of your entire business operations should be available. If you direct us to your accountant, we will obtain as much information as possible from your accountant and contact you with additional questions.

Most of our audits take a half hour or less, but audits of larger policies may take longer. Though the auditor will have a number of questions, you will not have to be directly involved during the entire audit if adequate records are available.

## HOW CAN YOU SAVE MONEY?

There are several ways you can save on premium dollars depending on the type of business and coverages you have. Not all of the following may apply to your particular business.

- **PAYROLL DIVISION** - A single employee's payroll can be divided, except when the employee works in a clerical, sales, drafting or driving position. Proper records must be kept in dollar amounts that reflect work actually performed before a breakdown can be applied. Without adequate records, the entire payroll for the employee must be placed in the highest rated classification.
- **EMPLOYEE TIPS** - Tips declared by employees may be excluded from their gross payroll only if separately identified. Amounts added to customer's bills, such as service charges, which are collected by you and disbursed to your employees are not excludable.
- **CERTIFICATES OF INSURANCE** - Have certificates available for the audit at your premises (or your accountant's) to ensure that charges are not made unnecessarily. It is best to obtain a certificate of insurance prior to a subcontractor performing work for you. Certificates must cover the period when the subcontractor worked for you. This may require certificates covering two different policy terms for the subcontractor.
- **DRIVERS** - (For general liability coverage), employees with the sole responsibility of driving may often be excluded from chargeable payroll, if their wages are shown separately. However, employees who perform other duties besides driving must be placed in the highest rated class describing their duties.
- **COST OF HIRE** is commonly used on commercial automobile policies as a premium basis for hired auto coverage. This includes automobiles and trailers used under contract on behalf of or loaned to the named insured, which may include rental units as well as subcontracted hauling for the insured.

Your business is unique. If you have questions about how your specific circumstances will affect savings, please contact your insurance agent.

## BASIC DEFINITIONS

- **REMUNERATION** is commonly called payroll, but can include items not normally part of payroll, or exclude items which are part of payroll. It includes wages, the value of meals and lodging, and other substitutes for money. (Substitutes for money include draws, dividends, traveling expenses and travel time payments, gift certificates or merchandise credits, annuities, and contributions to individual retirement accounts. This list is not all inclusive but represents common substitutes for money.) Your premium auditor will discuss this with you at the time of your audit.
- **OVERTIME** is the hours worked for which there is an increase in the rate of pay. It includes:
  1. Work in excess of 8 hours per day, or 40 hours per week.
  2. Work on Saturdays, Sundays or holidays.
  3. Work in any day or week, in excess of a guaranteed wage agreement.
  4. Ordinarily, overtime pay is equal to 1 1/2 times the regular hourly rate. For example, a regular pay rate of \$10 per hour at time and a half generates a \$15 per hour overtime rate. If the extra \$5 of pay is shown separately, it is excluded in total. If total overtime wage is shown in a combined amount of \$15 (regular pay plus increase) and included in gross payroll, one third (\$5) will be deducted from gross pay. If the overtime wage is calculated at double time, one half will be deducted from gross pay.
  5. Extra pay for shift differential is not considered overtime.
- **GROSS SALES** is the gross amount charged by you or others trading under your name for all goods or products sold or distributed, operations performed and rentals. Some deductions from gross sales include sales or excise tax, returns and allowances and finance charges for items sold on installment.

**SUBCONTRACTOR** is often used interchangeably with "independent contractor". We ordinarily apply the definition to subcontractors performing construction, erection or structural alteration for a general contractor. Most workers compensation laws hold you responsible for employees of an uninsured subcontractor. In some states, they may extend to an uninsured subcontractor without employees, if an employee-employer relationship

can be established. A liability policy will also include a charge for subcontractors as though they were your employees if there is no certificate showing evidence of insurance. Subcontractors can easily obtain a certificate of insurance through their insurance agent.

- TOTAL COST is the cost of all work let or sublet in connection with each specific project including:
  1. The cost of all labor, materials and equipment furnished, used, or delivered for use in the execution of the work.
  2. All fees, bonuses or commissions made, paid or due.
  3. The rates apply per \$1,000 of total cost.

### COMMONLY ASKED QUESTIONS

- Q: Why is an audit necessary?
- A: To calculate the exact amount of premium you will be charged. Actual exposures and operations are determined by an audit. After they are compared with initial estimates and later endorsements, a final audit premium is determined.
- Q: If overtime is not summarized, will I still get credit?
- A: Overtime records must show overtime pay separately by employee or classification or it will not be deducted.
- Q: If I do not have certificates of insurance from subcontractors for the audit, will I be able to get them?
- A: It is in your best interest to request a certificate from a subcontractor prior to the work being performed, rather than at the time of audit. You will be charged for employees of those subcontractors not providing certificates as though they were your employees.
- Q: Several of my employees do more than one type of work. How should I assign their payrolls?
- A: Payrolls may be divided into appropriate classifications, provided the division is reflected on the original records in dollar amounts.
- Q: Some of my work could be considered clerical and sales. Should I separate it?
- A: The clerical and sales classifications cannot be used with any any other class for division of a single employee's payroll
- Q: Is it necessary to provide audit information if my renewal policy has been canceled?
- A: Yes, policies are issued using estimated payroll or sales. Actual payroll or sales needs to be known to determine if additional premium is due the company, or a return premium is due the policyholder.

In some states, a surcharge may be applied to the workers compensation policy for failure to comply with the audit process.



54740 (5-02)

## NOTICE TO POLICYHOLDER

### RE: AVAILABILITY OF ORDINANCE AND LAW COVERAGE

Coverage can be added to your policy for increased costs to repair or replace damaged property due to the application of ordinances or laws that regulate construction, repair or demolition.

This additional coverage provides protection when a building damaged by a covered cause of loss must be repaired or rebuilt in a more costly manner because the type of construction used when the building was built does not comply with current building codes. Coverage can also be provided when laws or ordinances require the demolition of damaged buildings, including undamaged portions, prior to rebuilding to comply with current building codes.

Contact your agent if you wish to add this coverage or if you want additional information.

54740 (5-02)

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59197 (9-13)

## IMPORTANT INFORMATION REGARDING YOUR INSURANCE

*"In the event you need to contact someone about this insurance for any reason please contact your agent. If no agent was involved in the sale of this insurance, or if you have additional questions you may contact the insurance company issuing this insurance at the following address and telephone number:*

P.O. Box 2609  
Forest, Virginia 24551-6609  
In Virginia toll free 1-800-385-8858  
Outside of Virginia 434-385-4016

*If you have been unable to contact or obtain satisfaction from the company or the agent, you may contact the Virginia State Corporation Commission's Bureau of Insurance at:*

Virginia  
State Corporation Commission  
Bureau of Insurance  
Property and Casualty  
Division  
P.O. Box 1157  
Richmond, Virginia 23218

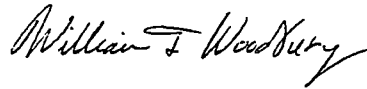
In state toll-free 1-800-552-7945  
Outside of Virginia 804-371-9741  
TDD 804-371-9206

*Written correspondence is preferable so that a record of your inquiry is maintained. When contacting your agent, company or the Bureau of Insurance, have your policy number available."*

# ***Tailored Protection Insurance Policy***

***Owners Insurance Company***

In witness whereof, we, the Owners Insurance Company, have caused this policy to be issued and to be duly signed by our President and Secretary.

A handwritten signature in cursive script, appearing to read "William F. Woodbury".

Secretary

A handwritten signature in cursive script, appearing to read "Daniel G. Thelen".

President

59322 (10-04)

**IMPORTANT NOTICE**  
**THIS POLICY DOES NOT COVER FLOOD LOSS**  
**Virginia**

The Code of Virginia requires us to advise you that this policy excludes coverage for property damage caused by floods, surface water, waves, tidal water or other overflow of a body of water. You will not have coverage for property damage caused by floods, surface water, waves, tidal water or other overflow of a body of water unless you take steps to purchase a separate flood insurance policy.

Information regarding National Flood Insurance Policies is available from your independent Auto-Owners agent or the National Flood Insurance Program. Contents coverage may also be available with the flood policy for an additional premium. Please contact your agent or the National Flood Insurance Program for additional information.

This notice does not expand or increase coverage in this policy or any accompanying endorsement. This policy and accompanying endorsements remain subject to all exclusions, limitations and conditions.

59322 (10-04)

Page 1 of 1

## NOTIFICATION OF POSSIBLE CHANGES IN COVERAGE FOR TERRORISM

Dear Policyholder:

The Terrorism Risk Insurance Act (including ensuing Congressional actions pursuant to the Act) will expire on December 31, 2020 unless the Federal government extends the Act. What this means to you is the following:

1. Subject to policy terms and conditions, the enclosed policy will provide insurance coverage for certified acts of terrorism as defined in the Act only until December 31, 2020.
2. A conditional endorsement entitled, Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) is enclosed. This conditional endorsement will only apply if the Act is not extended or if the Act is revised to increase statutory deductibles, decrease the federal government's share in potential losses above the statutory deductibles, change the levels, terms or conditions of coverage and we are no longer required to make terrorism coverage available and elect not to do so. It will not apply if the Act is simply extended.
3. The conditional endorsement will provide coverage for an incident of terrorism pursuant to the terms and conditions of the policy only if the incident does not involve nuclear, biological or chemical material.
4. A premium charge for the conditional endorsement will be applied effective January 1, 2021. The premium will be pro rated for the remainder of the policy term and is one-half of the current premium charge appearing in the Declarations for TERRORISM - CERTIFIED ACTS. However, it will only be made if the Terrorism Risk Insurance Act (including ensuing Congressional actions pursuant to the Act) is not extend. Revised Declarations will be mailed to you after January 1, 2021.
5. If the Act is extended without any revision, the enclosed policy will continue to provide coverage for certified acts of terrorism. The conditional endorsement will not be activated and the changes in coverage or premium referenced above will not apply.
6. If the Act is extended with revisions or is replaced, and we are required or elect to continue to offer coverage for certified acts of terrorism, we may amend this policy in accordance with the provisions of the revised Act or its replacement.

This notice is for informational purposes only.

If you have any questions concerning your policy or this notice, please contact your Auto-Owners agency.

59509 (11-15)

Virginia  
**IMPORTANT NOTICE**  
**THIS POLICY DOES NOT COVER LOSSES CAUSED BY EARTHQUAKES**  
**AT ONE OR MORE LOCATIONS**

Earthquake coverage is excluded unless purchased by endorsement. Earthquake coverage is available for purchase by endorsement for an additional premium. Coverage has not been purchased for one or more locations on this policy. Therefore, this policy does not include coverage for losses caused by earthquake, including land shock waves or tremors before, during or after volcanic eruption, landslide, mudflow, earth sinking, earth rising or earth shifting at those locations.

Please contact your Auto-Owners agency if you wish to add this coverage or if you would like additional information.

59509 (11-15)

Page 1 of 1

## BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F., DEFINITIONS.

The descriptions in the headings of this Coverage Form and all applicable endorsements are solely for convenience and form no part of the terms and conditions of coverage.

### A. COVERAGE

#### 1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations.

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business

Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (a) The portion of the building which you rent, lease or occupy; and
- (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

#### 2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at



replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

### 3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

### 4. Additional Limitation - Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Additional Coverage - Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Additional Coverage - Interruption Of Computer Operations.

### 5. Additional Coverages

#### a. Civil Authority

In this Additional Coverage - Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not

more than one mile from the damaged property; and

- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin immediately following the time of the first action of civil authority that prohibits access to the described premises; however, if a waiting period is shown in the Declarations, then after such period following the time of the first action of civil authority that prohibits access to the described premises.

Civil Authority Coverage for Business Income will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
  - (2) When your Civil Authority Coverage for Business Income ends
- whichever is later.

#### b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:
  - (a) Used in the construction, alterations or additions; or
  - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period

of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

**c. Extended Business Income**

**(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
  - 1) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
  - 2) 30 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**(2) "Rental Value"**

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
  - 1) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the

"Rental Value" that would have existed if no direct physical loss or damage had occurred; or

- 2) 30 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**d. Interruption Of Computer Operations**

- (1) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.

- (2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

- (a) If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage - Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (b) If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage - Interruption Of Computer Operations includes Collapse as set forth in that form.
- (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage - Interruption Of Computer Operations.
- (d) The Covered Causes of Loss include a computer virus, harmful code or similar instruction

introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. However, there is no coverage for an interruption related to manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.

- (3) The most we will pay under this Additional Coverage - Interruption Of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved is \$10,000, unless a higher limit is shown in the Declarations, subject to the following:

- (a) If at the time of interruption, the computer system is equipped with active virus scanning or anti-virus software, this entire amount is available.
- (b) If at the time of interruption, the computer system is not equipped with active virus scanning or anti-virus software, payment will be limited to \$2,500 for that occurrence.

If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or

incurred in the policy year in which the interruption began.

- (4) This Additional Coverage - Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (3) above has not been exhausted.

#### 6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

##### NEWLY ACQUIRED LOCATIONS

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions, if the location you acquire is intended for:
  - (1) Similar use as the location described in the Declarations; or
  - (2) Use as a warehouse.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
  - (1) This policy expires;
  - (2) 60 days expire after you acquire or begin to construct the property; or
  - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

#### B. LIMITS OF INSURANCE

- 1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
- 2. Payments under the following coverages will not increase the applicable Limit of Insurance:
  - a. Alterations And New Buildings;
  - b. Civil Authority;
  - c. Extra Expense; or
  - d. Extended Business Income.
- 3. The amounts of insurance stated in the following apply in accordance with the terms of those

coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage:

- a. Interruption Of Computer Operations Additional Coverage; and
- b. Newly Acquired Locations Coverage Extension.

### C. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

#### 1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

#### 2. Duties In The Event Of Loss

- a. You must see that the following are done in the event of loss:
  - (1) Notify the police if a law may have been broken.
  - (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
  - (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
  - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a

Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### 3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
  - (1) The Net Income of the business before the direct physical loss or damage occurred;
  - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
  - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

- (4) Other relevant sources of information, including:
    - (a) Your financial records and accounting procedures;
    - (b) Bills, invoices and other vouchers; and
    - (c) Deeds, liens or contracts.
  - b. The amount of Extra Expense will be determined based on:
    - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
      - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration" once "operations" are resumed; and
      - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
    - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.
  - c. **Resumption Of Operations**  
We will reduce the amount of your:
    - (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
    - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
  - d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- 4. Loss Payment**  
We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and;
- a. We have reached agreement with you on the amount of loss; or

- b. An appraisal award has been made.
- D. ADDITIONAL CONDITION**  
**COINSURANCE**  
If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.
- We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:
- 1. The Coinsurance percentage shown for Business Income in the Declarations; times
  - 2. The sum of:
    - a. The Net Income (Net Profit or Loss before income taxes), and
    - b. Operating expenses, including payroll expenses that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).
- Instead, we will determine the most we will pay using the following steps:
- Step(1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step(2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step(3): Multiply the total amount of loss by the figure determined in Step (2).
- We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.
- In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:
- (1) Prepaid freight - outgoing;
  - (2) Returns and allowances;
  - (3) Discounts;
  - (4) Bad debts;
  - (5) Collection expenses;



- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All ordinary payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion - not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

In the following examples, the figures used are for illustrative purposes only and do not reflect your actual insurance.

**EXAMPLE #1 (UNDERINSURANCE)**

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$400,000  
 The Coinsurance percentage is: 50%  
 The Limit of Insurance is: \$150,000  
 The amount of loss is: \$ 80,000

Step (1):  $\$400,000 \times 50\% = \$200,000$   
 (the minimum amount of insurance to meet your Co-insurance requirements)

Step (2):  $\$150,000 \div \$200,000 = .75$

Step (3):  $\$ 80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

**EXAMPLE #2 (ADEQUATE INSURANCE)**

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$400,000  
 The Coinsurance percentage is: 50%  
 The Limit of Insurance is: \$200,000  
 The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$400,000 \times 50\%$ ).

Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

**E. OPTIONAL COVERAGES**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

**1. Maximum Period Of Indemnity**

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
  - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
  - (2) The Limit of Insurance shown in the Declarations.

**2. Monthly Limit Of Indemnity**

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
  - (1) The Limit of Insurance, multiplied by
  - (2) The fraction shown in the Declarations for this Optional Coverage.

In the following example, the figures used are for illustrative purposes only and do not reflect your actual insurance.

**EXAMPLE**

When: The Limit of Insurance is: \$120,000  
 The fraction shown in the Declarations for this Optional Coverage is: 1/4  
 The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000  
 ( $\$120,000 \times 1/4 = \$30,000$ )  
 If, in this example, the actual amount of loss is:  
 Days 1-30: \$ 40,000  
 Days 31-60: \$ 20,000  
 Days 61-90: \$ 30,000  
 \$ 90,000

We will pay:	
Days 1-30:	\$ 30,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ <u>30,000</u>
	\$ 80,000

The remaining \$10,000 is not covered.

### 3. Business Income Agreed Value

- a. To activate this Optional Coverage:
  - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
    - (a) During the 12 months prior to the date of the Work Sheet; and
    - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
  - (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
    - (a) The Coinsurance percentage shown in the Declarations; multiplied by
    - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
  - (1) 12 months after the effective date of this Optional Coverage; or
  - (2) The expiration date of this policy whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
  - (1) Within 12 months of the effective date of this Optional Coverage; or
  - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
  - (1) The Business Income Limit of Insurance; divided by
  - (2) The Agreed Value.

In the following example, the figures used are for illustrative purposes only and do not reflect your actual insurance.

### EXAMPLE

When:	The Limit of Insurance is:	\$ 100,000
	The Agreed Value is:	\$ 200,000
	The amount of loss is:	\$ 80,000

Step (1):  $\$100,000 \div \$200,000 = .50$

Step (2):  $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

### 4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 30 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

### F. DEFINITIONS

1. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
2. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

3. "Operations" means:
  - a. Your business activities occurring at the described premises; and
  - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
4. "Period of restoration" means period of time that:
  - a. Begins:
    - (1) Immediately following the time of direct physical loss or damage; however, if a



waiting period is shown in the Declarations, then after such period following the time of direct physical loss or damage for Business Income Coverage; or

- (2) Immediately following the time of direct physical loss or damage for Extra Expense Coverage

caused by or resulting from any Covered Cause of Loss at the described premises; and

- b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

- (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not mean any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not shorten or cause the "period of restoration" to terminate.

5. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

6. "Rental Value" means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

- b. Continuing normal operating expenses incurred in connection with that premises, including:

- (1) Payroll; and

- (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

7. "Suspension" means:

- a. The slowdown or cessation of your business activities; or

- b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

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## CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS in the Commercial Property Coverage Part.

### A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations that follow.

### B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

#### a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

#### b. Earth Movement

- (1) Earthquake, including any earth sinking, earth rising or earth shifting related to such event;
- (2) Landslide, including any earth sinking, earth rising or earth shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), earth rising or earth shifting including soil conditions which cause settling, cracking or other disarrangement

of foundations or other parts of realty.

Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

However, if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

#### (5) Volcanic eruption, explosion or effusion.

However, if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

#### c. Governmental Action

Seizure or destruction of property by order of governmental authority.

However, we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

#### d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

However, if nuclear reaction or radiation, or radioactive contamination, results in fire, we

will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply. Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

However, if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss. Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

**f. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or

- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs g.(1) through (5) is caused by an act of nature or is otherwise caused.

However, if any of the above in Paragraphs g.(1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

**h. "Fungi", Wet Rot Or Dry Rot**

Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot.

However, if "fungi", wet rot or dry rot results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungi", wet rot or dry rot results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungi", Wet Rot Or Dry Rot with respect to loss or damage by a cause of loss other than fire or lightning.

**i. Virus Or Bacteria**

We will not pay for loss or damage caused by or resulting from virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

With respect to any loss or damage subject to this exclusion, such exclusion supersedes any exclusion relating to "pollutants".

Exclusions B.1.a. through B.1.i. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology. For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or micro-waves.

However, if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision; or
- (7) The following causes of loss to personal property:
  - (a) Dampness or dryness of atmosphere;
  - (b) Changes in or extremes of temperature; or
  - (c) Marring or scratching.

However, if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. However, if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or with-

in the flues or passages through which the gases of combustion pass.

- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
  - (1) You do your best to maintain heat in the building or structure; or
  - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
  - (1) Acting alone or in collusion with others; or
  - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, including any of the following conditions of property or any part of the property:
  - (1) An abrupt falling down or caving in;
  - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
  - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

However, if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage - Collapse; or

- (b) To collapse caused by one or more of the following:
  - 1) The "specified causes of loss";
  - 2) Breakage of building glass;
  - 3) Weight of rain that collects on a roof; or
  - 4) Weight of people or personal property.
- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". However, if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".  
 This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.
- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- 3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. However, if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
  - a. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective:
    - (1) Planning, zoning, development, surveying, siting;
    - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - (3) Materials used in repair, construction, renovation or remodeling; or
    - (4) Maintenance of part or all of any property on or off the described premises.
- 4. **Special Exclusions**  
 The following provisions apply only to the specified Coverage Forms.
  - a. **Business Income (And Extra Expense) Coverage Form, Business Income (And Extra Expense) Actual Loss Sustained**

**Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form**

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - (b) The time required to reproduce "finished stock".
 This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (b) Suspension, lapse or cancellation of any license, lease or contract. However, if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any Extra Expense caused by or resulting from any delay in rebuilding, repairing or replacing the property or resuming "operations" due to an insufficiency of or failure to maintain adequate Limits of Insurance for Building or Business Personal Property.
- (6) Any other consequential loss.
- b. **Leasehold Interest Coverage Form**
  - (1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.
  - (2) We will not pay for any loss caused by:



- (a) Your canceling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

**c. Legal Liability Coverage Form**

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a., Ordinance Or Law;
- (b) Paragraph B.1.c., Governmental Action;
- (c) Paragraph B.1.d., Nuclear Hazard;
- (d) Paragraph B.1.e., Utility Services; and
- (e) Paragraph B.1.f., War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

**(a) Contractual Liability**

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. However, this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- 1) Your assumption of liability was executed prior to the accident; and
- 2) The building is Covered Property under this Coverage Form.

**(b) Nuclear Hazard**

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**5. Additional Exclusion**

The following provisions apply only to the specified property.

**LOSS OR DAMAGE TO PRODUCTS**

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This ex-

clusion applies to any effect that compromises the form, substance or quality of the product. However, if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**C. LIMITATIONS**

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

- 1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
  - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. However, we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
  - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
    - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
    - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
  - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

    - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
    - (2) Business Income Coverage or Extra Expense Coverage.
  - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- 2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
  - a. Animals, and then only if they are killed or their destruction is made necessary.
  - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
    - (1) Glass; or
    - (2) Containers of property held for sale.
  - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property. However, this limitation does not apply:
    - (1) If the property is located on or within 1,000 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
    - (2) To Business Income Coverage or to Extra Expense Coverage.
- 3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
  - a. \$2,500 for furs, fur garments and garments trimmed with fur.
  - b. \$5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$500 or less per item.
  - c. \$2,500 for patterns, dies, molds and forms.
  - d. \$500 for stamps, tickets, including lottery tickets held for sale, and letters of credit.These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property. This limitation, C.3., does not apply to Business Income Coverage or to Extra Expense Coverage.
- 4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. However, we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
            - b. Is directly caused by freezing.
- However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

**D. ADDITIONAL COVERAGE - COLLAPSE**

The coverage provided under this Additional Coverage - Collapse applies only to an abrupt collapse as described and limited in D.1. through D.7.

- 1. For the purpose of this Additional Coverage - Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- 2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
  - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
  - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
  - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
  - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
    - (1) A cause of loss listed in 2.a. or 2.b.;
    - (2) One or more of the "specified causes of loss";
    - (3) Breakage of building glass;
    - (4) Weight of people or personal property; or
    - (5) Weight of rain that collects on a roof.
- 3. This **Additional Coverage - Collapse** does not apply to:
  - a. A building or any part of a building that is in danger of falling down or caving in;
  - b. A part of a building that is standing, even if it has separated from another part of the building; or
  - c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging,



bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:
  - a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
  - b. Awnings, gutters and downspouts;
  - c. Yard fixtures;
  - d. Outdoor swimming pools;
  - e. Fences;
  - f. Piers, wharves and docks;
  - g. Beach or diving platforms or appurtenances;
  - h. Retaining walls; and
  - i. Walks, roadways and other paved surfacesif an abrupt collapse is caused by a cause of loss listed in 2.a. through 2.d., we will pay for loss or damage to that property only if:
  - (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
  - (2) The property is Covered Property under this Coverage Form.
5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
  - a. The collapse of personal property was caused by a cause of loss listed in 2.a. through 2.d.;
  - b. The personal property which collapses is inside a building; and
  - c. The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage - Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage - Collapse will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in D.1. through D.7.

**E. ADDITIONAL COVERAGE - LIMITED COVERAGE FOR "FUNGI", WET ROT OR DRY ROT**

1. The coverage described in E.2. and E.6. only applies when the "fungi", wet rot or dry rot is the result of a "specified cause of loss" other than fire or lightning that occurs during the policy term and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
2. We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:
  - a. Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi", wet rot or dry rot;
  - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; and
  - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot or dry rot are present.
3. The coverage described under E.2. of this Limited Coverage is limited to 10% of the building or personal property limit of insurance, whichever is greater, subject to a maximum of \$100,000 and a minimum of \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy term). With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than this limit even if the "fungi", wet rot or dry rot continues to be present or active, or recurs, in a later policy term.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property. If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage - Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.
  - a. If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 45 days. The days need not be consecutive.
  - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot but remediation of "fungi", wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), however, such coverage is limited to 45 days. The days need not be consecutive.

#### F. ADDITIONAL COVERAGE EXTENSIONS

##### 1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.

- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

- c. The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations. This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

##### 2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

##### 3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, F.3., does not increase the Limit of Insurance.

#### G. DEFINITIONS

1. "Fungi" means any type or form of fungus, including, but not limited to, any mold, mildew, mycotoxins, spores, scents or by-products produced or released by any type or form of fungus.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct

result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

**COMMERCIAL PROPERTY  
CP 02 03 01 12**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VIRGINIA CHANGES - CANCELLATION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART**

The following is added to the CANCELLATION Common Policy Condition:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this policy by mailing or delivering to the first Named Insured shown in the Declarations written notice of cancellation at least 5 days before the effective date of cancellation.

- A.** The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
- 1.** Seasonal unoccupancy;
  - 2.** Buildings in the course of construction, renovation or addition; or
  - 3.** Buildings to which the Vacancy Permit endorsement applies.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

- B.** After damage by a covered cause of loss, permanent repairs to the building:
- 1.** Have not started, and
  - 2.** Have not been contracted for,
- within 30 days of initial payment of loss.

- C.** The building has:

- 1.** An outstanding order to vacate;
- 2.** An outstanding demolition order; or
- 3.** Been declared unsafe by governmental authority.

- D.** Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

- E.** Failure to:

- 1.** Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
- 2.** Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

**COMMERCIAL GENERAL LIABILITY  
55238 (6-04)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FUNGI OR BACTERIA EXCLUSIONS**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART.**

**A. Under SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, the following exclusions are added:**

1. Bodily injury" or "property damage" arising out of, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria, whether air-borne or not, on or within a building or structure, including its contents. This exclusion applies whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
2. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person, entity or governmental authority.

These exclusions do not apply to any "fungi" or bacteria that are on, or are contained in, a good or product intended for human consumption.

**B. Under SECTION I - COVERAGES, COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY, 2. Exclusions, the following exclusions are added:**

1. Arising out of, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria, whether airborne or not, on or within a building or structure, including its contents. This exclusion applies whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
2. For any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person, entity or governmental authority.

**C. The following definition is added to SECTION V - DEFINITIONS:**

"Fungi" means any type or form of fungus, including but not limited to, any mold, mildew, mycotoxins, spores, scents or byproducts produced or released by any type or form of fungus.

**COMMERCIAL GENERAL LIABILITY  
55279 (12-04)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**VIRGINIA CHANGES**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

Paragraph 4. of **Section II - Who Is An Insured** is replaced by the following:

**4.** Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as an insured if there is no other similar insurance available to that organization. However:

**a.** Coverage under this provision is afforded only until the 90th day after you acquire or

form the organization or the end of the policy period, whichever is earlier;

**b.** Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

**c.** Coverage **B** does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

54186 (12-10)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **WATER BACK-UP FROM SEWERS OR DRAINS**

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM  
BUSINESS INCOME AND EXTRA EXPENSE ACTUAL LOSS SUSTAINED COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM

1. Subject to the provisions of paragraph 2. below, under **B. EXCLUSIONS**, g. **Water** subparagraph (3) is deleted.
2. Under **C. LIMITATIONS** the following limitation is added:

In any one loss, we will not pay more than the Limit of Insurance shown in the Declarations under WATER BACK-UP FROM SEWERS OR DRAINS for loss of or damage to Covered Property caused by water back-up from sewers or drains. In the event that the amount of loss of or damage to Covered Property does not exceed the Limit of Insurance shown in the Declarations for WATER BACKUP FROM SEWERS OR DRAINS, you may, at your option, apply the remainder of this Limit of Insurance to your actual loss of Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM, or the BUSINESS INCOME AND EXTRA EXPENSE ACTUAL LOSS SUSTAINED COVERAGE FORM.

All other policy terms and conditions apply.



54198 (12-10)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **DEBRIS REMOVAL**

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under **A. COVERAGE, 4. Additional Coverages, a. Debris Removal, (4)** is deleted and replaced by the following:

- (4)** We will pay an additional amount, up to the Limit of Insurance shown in the Declarations for DEBRIS REMOVAL, for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a)** The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

- (b)** The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus the Limit of Insurance shown in the Declarations for DEBRIS REMOVAL.

All other policy terms and conditions apply.

54198 (12-10)

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54216 (3-13)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SALESPERSON'S SAMPLES**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM

1. Under the **A. COVERAGE, 4. Additional Coverages**, the following Additional Coverage is added:

**Salesperson's Samples**

We will pay for direct physical loss of or damage to samples of merchandise described which are:

- a. Owned by you while in your care, custody or control;
- b. Owned by you and in the care, custody or control of your salesperson and/or agents; or
- c. While in transit, except by parcel post, between your premises and the salesperson and/or agent caused by or resulting from any Covered Cause of Loss.

This coverage does not apply to:

- (1) Jewelry, furs or articles consisting principally of fur;
- (2) Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises;
- (3) Property at or on the premises of your salespersons and/or agents; or
- (4) Merchandise intended for sale, which may be sold and shipped by you to others, or which has been purchased by you from others.

Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for SALESPERSON'S SAMPLES. The Additional Condition, Coinsurance, does not apply to this Additional Coverage.

2. Under **B. EXCLUSIONS** of the CAUSES OF LOSS - SPECIAL FORM, the following exclusions are added to apply only to this Additional Coverage:

- a. Misappropriation, secretion, conversion, infidelity or any dishonest act by you or other or the employees or agents of either to whom the covered property may be entrusted. This exclusion does not apply to carriers for hire.
- b. Breakage, marring, scratching, tearing or denting, unless caused by: fire or lightning; aircraft; theft and/or attempted theft; earthquake; flood; explosion; malicious damage or collision, derailment or overturn of a transport-ing conveyance.
- c. Mysterious or unexplained disappearance or from shortage disclosed by taking inventory.
- d. Theft from any vehicle, unless at the time of the theft, there is actually in or upon such vehicle your salesperson, representative or a permanent employee, or a person whose sole duty it is to attend the vehicle. This exclusion shall not apply to property in the custody of a common carrier.

3. In addition to the conditions of this policy, the following conditions apply only this Additional Coverage:

**a. PAIR OR SET**

In case of loss of or damage to any part of a pair or set, we may:

- (1) Repair or replace any part of the pair or set to restore it to its value before the loss; or
- (2) Pay the difference between the actual cash value of the property before and after the loss.

**b. PARTS**

In case of loss or damage to any part of property covered, consisting of several parts when complete, we shall pay only for the value of the part lost or damaged.

All other policy terms and conditions apply.

54339 (3-13)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BAILEES COVERAGE**

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

1. Under **A. COVERAGE, 4. Additional Coverages**, the following Additional Coverage is added:

**Bailees Coverage**

- a. We will pay for direct physical loss or damage to the property of others that:
  - (1) Is in your possession or in the possession of any of your employees; or
  - (2) Is being transported by you, any of your employees, a public carrier or mail service.
- b. We will also cover your actual incurred cost for labor and materials.
- c. We do not cover the following properties:
  - (1) Property held for storage or for which a storage charge is made. If you do not have instructions from the owner of the goods to store goods held by you, such goods are not considered stored.
  - (2) Property while in the possession of any person, company or corporation other than you, your employees, a public carrier or mail service.
  - (3) Any land motor vehicle.
  - (4) Watercraft.
  - (5) Aircraft including objects falling from aircraft.
  - (6) Animals, fish, fowl, reptiles or amphibians.
  - (7) Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities.
  - (8) Contraband or property in the course of illegal transportation or trade.
- d. In addition to other policy exclusions, we will not pay for loss or damage caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:
  - (1) Misappropriation, secretion, conversion, infidelity or any dishonest act by you or others or the employees or agents of either

to whom the covered property may be entrusted. This exclusion does not apply to carriers for hire.

- (2) Delay.
- (3) Vandalism or malicious mischief.
- (4) Burglary of property left in your delivery vehicles overnight unless locked and in your building which you occupy.
- e. We will pay no more than the smallest of either:
  - (1) The cost to replace damaged property with new property of similar quality and features reduced by the amount of decrease in value because of age, wear, obsolescence or market value applicable to the damaged property immediately prior to the loss; or
  - (2) The Limit of Insurance shown in the Declarations for BAILEES COVERAGE.

This is an additional amount of insurance.

Our payment for loss of or damage to property of others will only be for the account of the owner of the property.

- f. No deductible applies to this Additional Coverage.
- 2. The Additional Condition, Coinsurance does not apply to this Additional Coverage.

All other policy terms and conditions apply.

54189 (12-10)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **REFRIGERATED PRODUCTS**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM

1. Under the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM, and the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM, **A. COVERAGE**, **4. Additional Coverages**, the following Additional Coverage is added:

### **Refrigerated Products**

Subject to **3. Limits of Insurance** below, we shall pay for loss of or damage to "perishable stock" caused directly by any of the following:

- (1) Mechanical or electrical breakdown of the refrigeration system; or
- (2) The interruption of electrical services to the refrigeration system caused by direct physical damage to the electrical generating or transmission equipment of your "local utility service" caused by or resulting from any Covered Cause of Loss.

You must exercise diligence in inspecting and maintaining refrigeration equipment. If interruption of electrical service or mechanical or electrical breakdown is known, you must use all reasonable means to protect the covered property from further damage.

2. Under the BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, and the BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM, **A. COVERAGE**, **5. Additional Coverages**, the following Additional Coverage is added:

### **Refrigerated Products**

Subject to **3. Limits of Insurance** below, we shall pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur because of loss or damage to "perishable stock" caused directly by any of the following:

- (1) Mechanical or electrical breakdown of the refrigeration system; or
- (2) The interruption of electrical services to the refrigeration system caused by direct physical damage to the electrical generating or transmission equipment of your "local utility service" caused by or resulting from any Covered Cause of Loss.

You must exercise diligence in inspecting and maintaining refrigeration equipment. If interruption of electrical service or mechanical or electrical breakdown is known, you must use all reasonable means to protect the covered property from further damage.

### **3. Limits of Insurance**

Under:

- a. BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM, and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM, **C. LIMITS OF INSURANCE**; and
- b. Under BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, and the BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM, **B. LIMITS OF INSURANCE** the following is added:

### **Refrigerated Products**

The most we shall pay for the sum of 1. and 2. above in any one loss, is the Limit of Insurance

shown in the Declarations for REFRIGERATED PRODUCTS.

4. Under the CAUSE OF LOSS - SPECIAL FORM, B. **EXCLUSIONS:**

- a. Exclusion 1.e. **Utility Services** is deleted and replaced by the following exclusion for this Additional Coverage only:
  - e. **Utility Services**  
We shall not pay for loss or damage caused by or resulting from the failure to supply "power supply services" from any regional or national grid.
- b. Exclusion 2.d.(6) is deleted and replaced by the following exclusion for this Additional Coverage only:
  - (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting loss or damage caused by elevator collision or mechanical breakdown of refrigeration systems.

5. **Definitions**

The following definitions apply only to this Additional Coverage:

- a. "Local utility service" means your billing entity, repair entity or service entity directly providing "power supply services" to the premises described in the Declarations.
- b. "Perishable stock" means merchandise held in storage or for sale that is refrigerated for preservation and is susceptible to loss or damage if the refrigeration fails.
- c. "Power supply services" means the following types of property supplying electricity to the described premises that are not located on a described premises and not rented, leased or owned by an insured:
  - (1) Utility generating plants;
  - (2) Switching stations;
  - (3) Substations;
  - (4) Transformers; and
  - (5) Transmission lines.

All other policy terms and conditions apply.

54214 (3-13)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VALUABLE PAPERS AND RECORDS (OTHER THAN "ELECTRONIC DATA")**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

With respect to coverage provided under this endorsement only, **A. COVERAGE**, is amended as follows:

1. Under **2. Property Not Covered**, **a.** is deleted and replaced by the following:
  - a.** "Valuable papers and records" except as provided under the Additional Coverage - Valuable Papers and Records (Other Than "Electronic Data").
2. Under **4. Additional Coverages**, the following Additional Coverage is added:  
**Valuable Papers and Records (Other Than "Electronic Data")**  
We cover "valuable papers and records" that:
  - a.** You own; or
  - b.** Are owned by others and are in your care, custody or control.

If duplicates of "valuable papers and records" do not exist, we will pay the cost to research, and replace or restore the lost information.

This Additional Coverage does not apply to:

- a.** "Valuable papers and records" which exist as "electronic data";
- b.** Property held as samples or for delivery after sale;
- c.** Property in storage away from the premises shown in the Declarations; or
- d.** Errors or omissions in processing or copying "valuable papers and records", unless fire or explosion ensues and then only for direct loss caused by such fire or explosion.

The most we will pay under this Additional Coverage in any one occurrence are the Limits of Insurance shown in the Declarations for:

- a.** VALUABLE PAPERS AND RECORDS ON PREMISES; and

- b.** VALUABLE PAPERS AND RECORDS OFF PREMISES.

The Coinsurance Condition does not apply to this Additional Coverage.

Under **E. LOSS CONDITIONS, 7. Valuation** does not apply to this endorsement. The following applies:

Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.

The following additional definitions apply only to this endorsement.

- a.** "Valuable Papers and Records" means inscribed, printed or written:
  - (1) Documents;
  - (2) Manuscripts; and
  - (3) Records including abstracts, books, deeds, drawings, films, maps or mortgages. However, "valuable papers and records" does not mean "money" or "securities".
- b.** "Money" means:
  - (1) Currency, coins and bank notes in current use and having a face value; and
  - (2) Travelers checks, register checks and money orders held for sale to the public.
- c.** "Securities" means all negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- (1) Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- (2) Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you but does not include "money".

- 3. Under 5. **Coverage Extensions, c. Valuable Papers and Records (Other Than "Electronic Data")** is deleted.

All other policy terms and conditions apply.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ELECTRONIC DATA PROCESSING EQUIPMENT**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM

Under **A. COVERAGE, 4. Additional Coverages**, the following Additional Coverage is added:

### **Electronic Data Processing Equipment**

#### **1. Covered Property**

We will pay for:

- a. Direct physical loss of or damage to electronic equipment, component parts of such equipment, "media" and air conditioning equipment necessary for the operation of the electronic equipment:
  - (1) Which you own or which is in your care, custody or control; and
  - (2) While located at the premises described in the Declarations; and
  - (3) Caused by or resulting from any Covered Cause of Loss.

We do not cover "laptop computers".

- b. Your costs to research, replace or restore "electronic data" contained on damaged "media" because such "electronic data" has been destroyed or corrupted.

#### **2. Exclusions**

Under **B. EXCLUSIONS** of the CAUSES OF LOSS - SPECIAL FORM, the following exclusions are added to apply only to this Additional Coverage:

- a. "Electrical disturbance" unless caused by lightning.
- b. Loss or damage caused by:
  - (1) Data processing "media" failure; or
  - (2) Breakdown or malfunction of the data processing equipment and component parts while the "media" is being run through the system. We will cover loss, damage or expense caused directly by ensuing fire or explosion.
- c. Actual work upon, installation or testing of Covered Property. We will cover loss, caused by ensuing fire or explosion.

- d. "Mechanical breakdown". We will cover loss, damage or expense caused directly by lightning or by ensuing fire or explosion.
- e. Faulty construction or error in design of the Covered Property. We will cover loss, damage or expense caused directly by ensuing fire or explosion.
- f. Delay or loss of market.

#### **3. Limit of Insurance**

- a. Our payment for electronic equipment, component parts of such equipment and air conditioning equipment necessary for the operation of such electronic equipment shall not exceed the Limit of Insurance shown in the Declarations for ELECTRONIC DATA PROCESSING EQUIPMENT.
- b. Our payment for "media" shall not exceed the smallest of the following:
  - (1) The actual cost to repair, replace or reproduce the "media", including your costs to research, replace or restore information;
  - (2) If the "media" is not repaired, replaced or reproduced, the value of blank "media"; or
  - (3) The Limit of Insurance shown in the Declarations for ELECTRONIC DATA PROCESSING EQUIPMENT.

The Limit of Insurance shown in the Declarations for ELECTRONIC DATA PROCESSING EQUIPMENT is the total limit of our liability for loss or damage to all Covered Property in any one occurrence at one location. With respect to Covered Property you do not own, we will pay no more than the amount for which you are legally liable.

The Additional Condition, Coinsurance, does not apply to this Additional Coverage.

#### **4. Coverage Extensions**

The following extensions apply only to this endorsement:

**a. Property At Newly Acquired Or Temporary Locations:**

You may extend the coverage provided under **1. Covered Property**, above to apply to property:

- (1) At any location you acquire; or
- (2) At any temporary location, other than fairs or exhibitions, you acquire within the territorial limits and intended for similar occupancy or warehousing purposes for the business described in the Declarations.

The most we will pay for loss or damage under this extension is the Limit of Insurance shown in the Declarations for ELECTRONIC DATA PROCESSING EQUIPMENT.

This coverage extension will end when any of the following first occurs:

- (1) 60 days from your acquisition or use of such property;
- (2) On the date values at such locations are reported to us; or
- (3) On the expiration date of the policy.

**b. Newly Acquired Property:**

You may extend the coverage provided under **1. Covered Property**, above to apply to property which you newly acquire, of the same type as the property covered at the described premises.

The most we will pay for loss or damage under this extension is the Limit of Insurance shown in the Declarations for ELECTRONIC DATA PROCESSING EQUIPMENT.

This coverage extension will end when any of the following first occurs:

- (1) 60 days from your acquisition or use of such property;
- (2) On the date values of such property are reported to us; or
- (3) On the expiration date of the policy.

Each of these extensions is additional insurance.

**5. The following Additional Coverages apply only to this endorsement:**

**a. Transportation**

You may apply up to \$10,000, for any one occurrence for loss of or damage to property caused by:

- (1) Fire; lightning; explosion; smoke; riot and civil commotion; and vandalism and malicious mischief;

- (2) The overturning, upset, or collision of the vehicle transporting the insured property, with another vehicle or object other than the road bed; or
- (3) Theft of an entire shipping bale, case or package from a vehicle:

(a) While such property is in a fully enclosed and securely locked body or compartment; and

(b) Theft results from forcible entry, evidenced by visible marks

which occurs during transportation by motor vehicles you own, lease or operate.

We do not cover under this extension property held as samples, held for rental or sale or that you rent to others while in the care, custody or control of salespersons.

**b. Business Income and Extra Expense**

**(1) Business Income**

(a) Subject to the Limit of Insurance provisions of this Additional Coverage, we will pay for the actual loss of Business Income you sustain as a direct result of the necessary "suspension" of your "operations" during the "period of restoration" caused by accidental direct physical loss of or damage to:

- 1) The electronic equipment or "media" covered by this Additional Coverage;
- 2) The building housing the electronic equipment or "media" that prevents access to and use of the electronic equipment or "media"; or
- 3) The air conditioning or electrical systems that are required to operate the electronic equipment, provided such damage or destruction is inside the building or outside within 1,000 feet of the building

caused by the perils insured against and subject to **2. Exclusions**.

(b) We will also pay expenses you incur to reduce the covered loss. We will not pay for expenses:

- 1) You incur to extinguish a fire; or
- 2) That exceed the amount by which the covered loss is reduced.

(c) Business Income means the:

- 1) Net income (Net Profit or Loss before income taxes) that would

have been earned or incurred;  
and

- 2) Continuing normal operating expenses incurred, including payroll.

**(2) Extra Expense**

- (a) Subject to the Limit of Insurance provisions of this Additional Coverage, we will pay necessary Extra Expense, other than loss of Business Income, you incur to continue "normal" operations of your business following accidental direct physical loss of or damage to:

- 1) The electronic equipment or "media" covered by this Additional Coverage;
- 2) The building housing the electronic equipment or "media" that prevents access to and use of the equipment or "media"; or
- 3) The air conditioning or electrical systems that are required to operate the electronic equipment, provided such damage or destruction is inside the building or outside within 1,000 feet of the building

caused by the perils insured against and subject to **2. Exclusions**.

You must resume normal operation of your business as soon as practical.

- (b) We will also cover the cost to repair, replace or restore:

- 1) Books of account, abstracts, drawings;
- 2) Card index systems; or
- 3) Other records or data such as film, tape, disks, drum, cell or other magnetic storage or recording "media" for electronic data processing

that have been damaged or destroyed by perils we insure against, if such cost:

- 1) Exceeds the normal cost for such repair, replacement or restoration; and
- 2) Was incurred to reduce loss under this endorsement.

- (c) Extra Expense means expense incurred:

- 1) To avoid or minimize the "suspension" of business and continue "operations":

- a) At the described premises; or
- b) At replacement premises or at temporary locations, including:

- i. Relocation expenses; and
- ii. Costs to equip and operate the replacement or temporary locations.

- 2) To minimize the suspension of business if you cannot continue "operations".

- 3) a) To repair or replace any Covered Property; or
- b) To research, replace or restore the lost information on damaged valuable papers and records

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

**(3) Coverage Extension - Civil Authority**

In this Coverage Extension - Civil Authority, the described premises are premises to which this endorsement applies, as shown in the Declarations. When a Covered Cause of Loss causes damage to property other than property at the described premises, you may extend your Business Income and Extra Expense Coverages to apply to the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (a) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (b) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income and Extra Expense will begin

immediately following the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which coverage began.

**(4) Exclusions**

The following exclusions apply to Business Income and Extra Expense provided by this Additional Coverage only, in addition to those contained in **2. Exclusions** above.

- (a) We will not be liable for any increase in loss of Business Income or Extra Expense caused by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:
  - 1) Enforcement of any ordinance or law regulating construction, repair or demolition of buildings or structures;
  - 2) Interference at the described premises by strikers or other persons with:
    - a) Rebuilding, repairing or replacing the property; or
    - b) Resumption or continuation of business; or
  - 3) The suspension, lapse, or cancellation of any lease, license, contract or order beyond the "period of restoration".
- (b) We will not cover loss or damage caused directly or indirectly by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:
  - 1) Theft of any property, which is not an integral part of a building or structure at the time of loss. We will cover direct loss that ensues from a peril not excluded in this policy. We will cover direct loss by pillage and looting which occurs during and at the immediate place of riot or civil commotion.
  - 2) Any other consequential or remote loss.

**(5) Limit of Insurance**

- (a) Business Income  
 Subject to (c) below, we will pay only for loss of your Business

Income that occurs during the "period of restoration", but not exceeding 12 consecutive months after the date of accidental direct physical loss of or damage to Covered Property, resulting from a Covered Cause of Loss.

- (b) Extra Expense  
 Subject to (c) below, we will pay for necessary Extra Expense during the "period of restoration" starting with the date of damage or destruction. Payments under this coverage shall not be limited by the expiration of the policy.
- (c) Our total payment for both Business Income and Extra Expense for any one occurrence shall not exceed \$100,000.

**(6) Loss Determination**

- (a) The amount of Business Income loss will be determined based on:
  - 1) The Net Income of the business before the direct physical loss or damage occurred;
  - 2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
  - 3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
  - 4) Other relevant sources of information, including:
    - a) Your financial records and accounting procedures;
    - b) Bills, invoices and other vouchers; and
    - c) Deeds, liens or contracts.
- (b) The amount of Extra Expense will be determined based on:
  - 1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct phys-

ical loss or damage had occurred. We will deduct from the total of such expenses:

- a) The salvage value that remains of any property bought for temporary use during the "period of restoration" once "operations" are resumed; and
  - b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
- 2) All necessary expenses that reduce the Business Income loss that otherwise would have been incurred.
- (c) **Resumption Of Operations**  
 We will reduce the amount of your:
- 1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
  - 2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- (d) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

**(7) Loss Payment - Business Income and Extra Expense**

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:

- (a) You have complied with all of the terms of this endorsement; and
- (b) 1) We have reached agreement with you on the amount of loss; or
- 2) An appraisal award has been made.

**6. Definitions**

The following definitions apply only to this Additional Coverage:

- a. "Electrical Disturbance" means electrical or magnetic damage, disturbance or erasure of electronic recordings.
- b. "Laptop Computer" means portable data collectors, notebook (laptop) computers, subnote book computers, palmtop computers, handheld computers and portable or any similar computer. Laptop computer does not mean cellular phone, wireless phone or pager.
- c. "Mechanical Breakdown" means component failure or mechanical malfunction, breakdown or failure.
- d. "Media" means materials on which information is recorded such as film, magnetic tape, paper tape, disks, drums, and cards. Media includes computer software.
- e. "Normal" means the condition that would have existed had no loss occurred.
- f. "Operations" means your business activities occurring at the described premises.
- g. "Period of Restoration" means the period of time that:
  - (1) Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
  - (2) Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of Restoration" does not include any increased period required due to the enforcement of any law that:

  - (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (2) Regulates the prevention, control, repair, clean-up or restoration of environmental damage.

The expiration date of this policy will not shorten or cause the "period of restoration" to terminate.
  - h. "Suspension" means:
    - (1) The slowdown or cessation of your business activities; or
    - (2) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

All other policy terms and conditions apply.



54218 (3-13)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ACCOUNTS RECEIVABLE**

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM

1. Under **A. COVERAGE, 4. Additional Coverages**, the following Additional Coverage is added:

**Accounts Receivable**

We will pay:

- a. All amounts your customers owe you that you cannot collect;
- b. Interest charges on loans you secure to offset impaired receipts until we pay these amounts;
- c. Collection costs in excess of normal; and
- d. Other expenses you reasonably incur to re-establish your records which result from direct physical loss of or damage to your records of accounts receivable:
  - i. caused by or resulting from any Covered Causes Of Loss; and
  - ii. which occurs on the premises described in the Declarations.

Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for ACCOUNTS RECEIVABLE.

2. Under **B. EXCLUSIONS** of the CAUSES OF LOSS - SPECIAL FORM, the following exclusions are added to apply only to this Additional Coverage.

- a. Bookkeeping, accounting or billing errors or omissions.
- b. Falsification, alteration, concealment or destruction of records done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.
- c. Electrical or magnetic injury, disturbance or erasure of electronic recordings. But we do cover direct loss caused by lightning.
- d. We will not pay for any loss that relies solely upon an audit of records on an inventory computation to prove its factual existence.

3. In addition to the conditions of this policy, the following conditions apply only to this Additional Coverage:

**a. Protection of Records of Accounts Receivable**

For coverage to apply under this Additional Coverage, you must keep all records of accounts receivable in a locked safe or vault when:

- (1) You are not open for business; or
- (2) You are not using such records; or
- (3) Such records are not removed from premises as permitted under the Additional Coverage, **Preservation of Property**.

**b. The following is added to the Loss Payment Condition:**

- (1) If you cannot accurately establish the accounts receivable outstanding as of the time of loss or damage, the following method will be used:
  - (a) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

- (b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
- (2) The following will be deducted from the total amount of accounts receivable, however that amount is established:
  - (a) The amount of the accounts for which there is no loss or damage;
  - (b) The amount of the accounts that you are able to re-establish or collect;
  - (c) An amount to allow for probable bad debts that you are normally unable to collect; and
  - (d) All unearned interest and service charges.

All other policy terms and conditions apply.



54221 (12-10)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYEE DISHONESTY**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

**A. A. COVERAGE** is amended as follows:

We will pay for loss involving Covered Property resulting directly from the Covered Cause of Loss.

1. **Covered Property** for this endorsement means "money", "securities", and "property other than money and securities".
2. **Covered Cause of Loss** means "Employee Dishonesty".
3. **Coverage Extension**  
**Employee Temporarily Outside Coverage Territory:** We will pay for loss caused by any "employee" while temporarily outside the territory specified in **E. GENERAL CONDITIONS, 15. Territory** for a period not more than 90 days. The amount we pay under this Extension is part of, not in addition to, the Limit of Insurance shown in the Declarations for **EMPLOYEE DISHONESTY**.
4. "Money" and "securities" as defined in this endorsement are withdrawn from **2. Property Not Covered**.

**B. EXCLUSIONS**

1. The Covered Causes Of Loss Form shown in the Declarations as applicable to Property, does not apply to this Coverage.
2. We will not pay for loss caused by any of the following:
  - a. **Acts Committed By You, Your Partners Or Your Members:** Loss resulting from any dishonest or criminal act committed by you, any of your partners or members whether acting alone or in collusion with other persons.
  - b. **Governmental Action:** Loss resulting from seizure or destruction of property by order of governmental authority.
  - c. **Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- (1) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.
- (2) Payment of damages of any type for which you are legally liable. However, we will pay compensatory damages arising directly from a loss covered under this insurance.
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

d. **Legal Expenses:** Expenses related to any legal action.

e. **Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

f. **War And Military Action:**  
Loss or damage resulting from:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. **Employee Canceled Under Prior Insurance:** Loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.

h. **Inventory Shortages:** Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

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- (1) An inventory computation; or
- (2) A profit and loss computation.

**C. LIMIT OF INSURANCE**

The most we will pay for loss in any one "occurrence" is the Limit of Insurance shown in the Declarations for EMPLOYEE DISHONESTY.

**D. DEDUCTIBLE**

1. We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations for EMPLOYEE DISHONESTY. We will then pay the amount of loss in excess of the Deductible Amount up to the Limit of Insurance. This provision does not apply to legal expenses paid under the Coverage Extension.
2. You must:
  - a. Give us notice as soon as possible of any loss of the type insured under this Coverage Form even though it falls entirely within the Deductible Amount.
  - b. Upon our request, give us a statement describing the loss.

**E. GENERAL CONDITIONS**

1. **Consolidation - Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:
  - a. Any additional persons become "employees"; or
  - b. You acquire the use and control of any additional "premises"
 any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", but only if you:
  - a. Give us written notice within 30 days thereafter; and
  - b. Pay us an additional premium.
2. **Discovery Period For Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.
3. **Duties In The Event Of Loss:** After you discover a loss or a situation that may result in loss of, or loss from damage to Covered Property, you must:
  - a. Notify us as soon as possible.
  - b. Submit to examination under oath at our request and give us a signed statement of your answers.
  - c. Give us a detailed, sworn proof of loss within 120 days.
  - d. Cooperate with us in the investigation and settlement of any claim.
4. **Joint Insured**
  - a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named

Insured ceases to be covered, then the next named Insured will become the first named Insured.

- b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
  - c. An "employee" of any Insured is considered to be an "employee" of every Insured.
  - d. If this insurance or any of its coverages are canceled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
  - e. We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.
5. **Legal Action Against Us:** You may not bring any legal action against us involving loss:
    - a. Unless you have complied with all the terms of this insurance;
    - b. Until 90 days after you have filed proof of loss with us; and
    - c. Unless brought within 2 years from the date you discover the loss.
  6. **Loss Covered Under More Than One Coverage Of This Insurance:** If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:
    - a. The actual amount of loss; or
    - b. The sum of the limits of insurance applicable to those coverages.
  7. **Loss Sustained During Prior Insurance**
    - a. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:
      - (1) This insurance became effective at the time of cancellation or termination of the prior insurance; and
      - (2) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
    - b. The insurance under this Condition is part of, not in addition to, the Limits of Insurance and is limited to the lesser of the amount recoverable under:
      - (1) This insurance as of its effective date; or
      - (2) The prior insurance had it remained in effect.

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**8. Loss Covered Under This Insurance And Prior Insurance Issued By Us Or Any Affiliate:** If any loss is covered:

- a. Partly by this insurance; and
  - b. Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest
- the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

**9. Non-Cumulation Of Limit Of Insurance:**

Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- 10. Other Insurance:** This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity, but not for more than the Limit of Insurance.

**11. Ownership Of Property; Interests Covered:**

The property covered under this insurance is limited to property:

- a. That you own or hold; or
- b. For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

**12. Policy Period**

- a. The Policy Period is shown in the Declarations.
- b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.

- 13. Records:** You must keep records of all Covered Property so we can verify the amount of any loss.

**14. Recoveries**

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:
  - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
  - (2) Then to us, until we are reimbursed for the settlement made; and

- (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

**b. Recoveries do not include any recovery:**

- (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (2) Of original "securities" after duplicates of them have been issued.

- 15. Territory:** This insurance covers only acts committed or events occurring within the United States of America (including its territories and possessions), Puerto Rico and Canada.

- 16. Transfer Of Your Rights Of Recovery Against Others To Us:** You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

**17. Valuation - Settlement**

- a. Subject to the Limit of Insurance provision we will pay for:
  - (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
    - (a) At face value in the "money" issued by that country; or
    - (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
  - (2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
    - (a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
    - (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
      - 1) Value of the "securities" at the close of the business on the day

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the loss was discovered; or

**2) Limit of Insurance.**

- (3) Loss of, or loss from damage to "property other than money and securities" or loss from damage to the "premises" for not more than the:

- (a) Actual cash value of the property on the day the loss was discovered;
- (b) Cost of repairing the property or "premises"; or
- (c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

- b. We may, at our option, pay for loss of, or loss from damage to, property other than "money":

- (1) In the "money" of the country in which the loss occurred; or
- (2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

- c. Any property that we pay for or replace becomes our property.

**18. Cancellation As To Any Employee:** This insurance is canceled as to any "Employee":

- a. Immediately upon discovery by:

- (1) You; or
- (2) Any of your partners, officers or directors not in collusion with the "employee"

of any dishonest act committed by that "employee" whether before or after becoming employed by you.

- b. On the date specified in a notice mailed to you. That date will be at least 30 days after the date of mailing. The notice will be mailed to you at your last mailing address known to us.

**F. DEFINITIONS**

1. "Employee" means:

- a. Any natural person:

- (1) While in your service (and for 30 days after termination of service);
- (2) Whom you compensate directly by salary, wages or commissions; and
- (3) Whom you have the right to direct and control while performing services for you; or

- b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding however, any such person while having care and custody of property outside the "premises". However, "employee" does not mean any:
  - (1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
  - (2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. "Employee Dishonesty" in paragraph A.2.

means only dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:

- a. Cause you to sustain loss; and also
- b. Obtain financial benefit (other than employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:
  - (1) The "employee"; or
  - (2) Any person or organization intended by the "employee" to receive that benefit.

3. "Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

4. "Occurrence" means all loss caused by, or involving one or more "employees", whether the result of a single act or series of acts.

5. "Property Other Than Money And Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Coverage Form as Property Not Covered.

6. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you but does not include "money".

All other policy terms and conditions apply.

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54267 (12-10)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ORDINANCE OR LAW COVERAGE - VIRGINIA (BROAD FORM)

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM  
CAUSES OF LOSS - BROAD FORM  
CAUSES OF LOSS - BASIC FORM

- A.** Each Coverage - Coverage **A**, Coverage **B**, Coverage **C** and Coverage **D** - of Section **E. Coverages** below, is provided under this endorsement only if a Limit of Insurance for that Coverage(s) is shown in the Declarations and then only with respect to the building identified for that Coverage(s) in the Declarations.
- B.** The following provisions do not apply to the extent that they conflict with the coverage provided by this endorsement only:
- 1.** BUILDING AND PERSONAL PROPERTY COVERAGE FORM:
    - a.** **E. LOSS CONDITIONS:**
      - (1) **4. Loss Payment, b.;** and
      - (2) **7. Valuation, b.,** second paragraph; and
    - b.** **G. OPTIONAL COVERAGES, 3. Replacement Cost, f.**
  - 2.** CONDOMINIUM ASSOCIATION COVERAGE FORM:
    - a.** **E. LOSS CONDITIONS:**
      - (1) **4. Loss Payment, b.;** and
      - (2) **8. Valuation, b.** second paragraph; and
    - b.** **G. OPTIONAL COVERAGES, 3. Replacement Cost, f.**
  - 3.** Section **B. EXCLUSIONS, 1.a.** of CAUSES OF LOSS - SPECIAL, BROAD AND BASIC FORMS.
- C. Application Of Coverage(s)**  
The Coverage(s) provided by this endorsement apply only if both **C.1.** and **C.2.** are satisfied and are then subject to the qualifications set forth in **C.3.**
- 1.** The ordinance or law:
    - a.** Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
    - b.** Is in force at the time of loss.
- However, coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.
- 2.**
    - a.** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
    - b.** The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.
    - c.** However, if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.
  - 3.** In the situation described in **C.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A, B, C** and/or **D** of this endorsement. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage. However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the

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terms of Coverages A, B, C and/or D of this endorsement.

**D. Exclusion**

We will not pay under Coverage A, B, C or D of this endorsement for:

1. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot; or
2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor or assess the effects of "pollutants", "fungi", wet rot or dry rot. However, we will pay for testing which is performed in the course of removal of "pollutants", "fungi", wet rot or dry rot from a building, if the ordinance or law, as enforced, requires such testing.

**E. Coverages**

**1. Coverage A - Coverage For Loss To The Undamaged Portion Of The Building**

With respect to a covered building that has sustained covered direct physical damage, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage A is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage A does not increase the Limit of Insurance.

The Coinsurance Additional Condition does not apply to the undamaged portion of the building when the Limit of Insurance shown in the Declarations for Coverage A is less than the applicable building Limit of Insurance shown in the Declarations.

**2. Coverage B - Demolition Cost Coverage**

With respect to a covered building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires Demolition of such undamaged property. The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

**3. Coverage C - Increased Cost Of Construction Coverage**

- a. With respect to a covered building that has sustained covered direct physical damage, we will pay the increased cost to:
  - (1) Repair or reconstruct damaged portions of that building; and/or

- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law. However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

- b. When a building is damaged or destroyed and Coverage C applies to that building in accordance with 3.a. above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in 3.a.:

- (1) The cost of excavations, grading, backfilling and filling;
- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

The items listed in b.(1) through b.(4) above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, 3.b.

**4. Coverage D - Tenant's Improvements and Betterments**

With respect to your use interest as tenant in improvements and betterments that have sustained covered direct physical damage, we will pay the increased cost to repair or reconstruct damaged portions of those improvements and betterments when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law. The Coinsurance Additional Condition does not apply to Tenant's Improvements and Betterments.

**F. Loss Payment**

1. All following loss payment Provisions, F.2. through F.5., are subject to the apportionment procedures set forth in Section C.3. of this endorsement.
2. When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, in-

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cluding damaged and undamaged portions, will be determined as follows:

- a. If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
  - (1) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
  - (2) The Limit of Insurance for Coverage A shown in the Declarations as applicable to the covered building.
- b. If the Replacement Cost Coverage Option applies and the property is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:
  - (1) The actual cash value of the building at the time of loss; or
  - (2) The Limit of Insurance for Coverage A shown in the Declarations as applicable to the covered building.
3. Loss payment under Coverage B - Demolition Cost Coverage will be determined as follows: We will not pay more than the lesser of the following:
  - a. The amount you actually spend to demolish and clear the site of the described premises; or
  - b. The applicable Limit of Insurance shown for Coverage B in the Declarations.
4. Loss payment under Coverage C - Increased Cost of Construction Coverage will be determined as follows:
  - a. We will not pay under Coverage C:
    - (1) Until the property is actually repaired or replaced, at the same or another premises; and
    - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
    - (1) The increased cost of construction at the same premises; or
    - (2) The applicable Limit of Insurance shown for Coverage C in the Declarations.

- c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
  - (1) The increased cost of construction at the new premises; or
  - (2) The applicable Limit of Insurance shown for Coverage C in the Declarations.
5. Loss payment under Coverage D - Tenant's Improvements and Betterments will be determined as follows:
  - a. We will not pay under Coverage D:
    - (1) Until the property is actually repaired or replaced, at the same or another premises; and
    - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - b. If the improvements and betterments are repaired or replaced at the same premises, or if you elect to rebuild the improvements and betterments at another premises, the most we will pay under Coverage D is the lesser of:
    - (1) The increased cost of construction at the same premises; or
    - (2) The applicable Limit of Insurance shown for Coverage D in the Declarations.
  - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage D is the lesser of:
    - (1) The increased cost of construction at the new premises; or
    - (2) The applicable Limit of Insurance shown for Coverage D in the Declarations.
- G. The terms of this endorsement apply separately to each building to which this endorsement applies.
- H. Under this endorsement we will not pay for loss due to any ordinance or law that:
  1. You were required to comply with before the loss, even if the building was undamaged; and
  2. You failed to comply with.
- I. The following definition is added: "Fungi" means any type or form of fungus, including but not limited to, mold, mildew, mycotoxins, spores, scents or by-products produced or released by any type or form of fungus.

All other policy terms and conditions apply.



54334 (12-10)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **UTILITY SERVICES FAILURE**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM

**A. A. COVERAGE** is amended as follows:

1. Under BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM AND CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM, **4. Additional Coverages**, the following is added:

**Utility Services Failure**

We shall pay for loss or damage to Covered Property due to the interruption of utility service(s) to the premises described in the Declarations. The interruption must result from direct physical damage by a Covered Cause of Loss to the property of your "local utility service".

2. Under BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM and BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM, **5. Additional Coverages**, the following is added:

**Utility Services Failure**

We shall pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to the interruption of utility service(s) to the premises described in the Declarations. The interruption must result from direct physical damage by a Covered Cause of Loss to the property of your "local utility service".

**B. Limits of Insurance**

The most we shall pay for the sum of **A.1.** and **2.** above, in any one loss, is the Limit of Insurance shown in the Declarations for UTILITY SERVICES FAILURE.

**C. Exclusions**

The following exclusions apply only to this endorsement:

**1. Perishable Stock**

We will not pay for loss or damage to "perishable stock".

**2. Power or Other Utility Grid Failure**

Under CAUSES OF LOSS - SPECIAL FORM, **B. EXCLUSIONS**, exclusion **1.e. Utility Services** is deleted and replaced by the following:

**e. Utility Services**

We shall not pay for loss or damage caused by or resulting from the failure to supply "communication supply services", "power supply services" or "water supply services" from any regional or national grid.

**D. Definitions**

1. Under BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, **F. DEFINITIONS**, and BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM, **D. DEFINITIONS**, **4.** "Period of restoration" is deleted and replaced by the following with respect to the coverage provided by this endorsement only:

4. "Period of restoration" means period of time that:

- a. Begins immediately following the time of the interruption of utility service(s) to premises described in the Declarations caused by or resulting from direct physical loss or damage by a Covered Cause of Loss to the property of your "local utility service"; and
- b. Ends on the date when the interruption of utility service to the premises described in the Declarations is restored. "Period of restoration" does not mean any increased period required due to the enforcement of any ordinance or law that:
  - a. Regulates the construction, use or repair, or requires the tearing down of any property; or
  - b. Regulates the prevention, control, re-

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pair, clean-up or restoration of environmental damage.

The expiration date of this policy will not shorten or cause the "period of restoration" to terminate.

2. The following definitions apply only to this Additional Coverage:

a. "Communication Supply Services" meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, that are not located on a described premises and not rented, leased or owned by any insured, such as:

- (1) Communication transmission lines, including optic fiber transmission lines;
- (2) Coaxial cables; and
- (3) Microwave radio relays, except satellites.

b. "Local Utility Service" means your billing entity, repair entity or service entity directly supplying your "communication supply services", "power supply services" or "water supply services" to the premises described in the Declarations.

c. "Perishable Stock" means merchandise held in storage or for sale that is refrigerated for preservation and is susceptible to loss or damage if the refrigeration fails.

d. "Power Supply Services" meaning the following types of property supplying electricity, steam or gas to the described premises, that are not located on a described premises and not rented, leased or owned by any insured:

- (1) Utility generating plants;
- (2) Switching stations;
- (3) Substations;
- (4) Transformers; and
- (5) Transmission lines.

e. "Water Supply Services" mean the following types of property supplying water to the described premises, that are not located on a described premises and not rented, leased or owned by any insured:

- (1) Pumping stations; and
- (2) Water mains.

All other policy terms and conditions apply.

54338 (3-13)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FINE ARTS, COLLECTIBLES AND MEMORABILIA**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM

**A. Under A. COVERAGE, 4. Additional Coverages,**  
the following Additional Coverage is added:

### **Fine Arts, Collectibles and Memorabilia**

#### **1. Coverage**

We will pay for direct physical loss or damage to "fine arts", "collectibles" and "memorabilia" that are:

- a. Located at the premises described in the Declarations;
- b. Not held for sale; and
- c. Owned by:
  - (1) You; or
  - (2) If you are:
    - (a) An individual, your spouse.
    - (b) A partnership or a joint venture, your members, your partners and their spouses.
    - (c) A limited liability company, your members.
    - (d) An organization other than a partnership, joint venture or limited liability company, your "executive officers".
    - (e) A trust, your trustees.

#### **2. Exclusions**

Under **B. EXCLUSIONS** of the CAUSES OF LOSS - SPECIAL FORM, the following exclusions are added to apply only to this Additional Coverage.

- a. An action committed by you or at your direction with the intent to cause loss or damage.
- b. Damage caused by any repairing, restoration or retouching process.
- c. Breakage of art glass windows, statuary, marble, glassware, bric-a-brac, porcelains and similar fragile articles unless caused by:
  - (1) Fire or lightning;
  - (2) Aircraft;

- (3) Theft or attempted theft;
- (4) Earthquake;
- (5) Flood or storm surge;
- (6) Malicious damage; or
- (7) Collision, derailment or overturn of conveyance

except as we may state otherwise.

- d. Mysterious disappearance unless the loss is a direct result of forcible entry of which there is visible evidence.
- e. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

#### **3. Limit Of Insurance**

We will pay no more than the smallest of either:

- a. The cost to replace damaged property with new property of similar quality and features reduced by the amount of decrease in value because of age, wear, obsolescence or market value applicable to the damaged property immediately prior to the loss; or
- b. The limits shown in the Declarations for FINE ARTS, COLLECTIBLES AND MEMORABILIA.

In no event shall our payment for all items in any one loss exceed the limits shown in the Declarations for FINE ARTS, COLLECTIBLES AND MEMORABILIA.

Our payment for loss of or damage to "fine arts", "collectibles", and "memorabilia" will only be for the account of the owner of the property. This is an additional amount of insurance.

#### **4. Deductible**

No deductible applies to this Additional Coverage.

#### **5. Conditions**

- a. In case of loss of or damage to any part of a pair or set, we may:

- (1) Repair or replace any part of the pair or set to restore it to its value before the loss; or
  - (2) Pay the difference between the actual cash value of the property before and after the loss.
- b. In case of loss or damage to any part of property covered, consisting of several parts when complete, we shall pay only for the value of the part lost or damaged.
  - c. In the event of loss or damage to property covered, claim payment is subject to the insurable interest of the covered insured.
- B. Under **F. ADDITIONAL CONDITIONS, Coinsurance**, does not apply to this coverage.
- C. Under **C. LIMITATIONS** of CAUSES OF LOSS - SPECIAL FORM, paragraph **2.b.** does not apply to this Additional Coverage.
- D. The following **Definitions** apply to this Additional Coverage only:

1. "Fine arts" mean paintings, etchings, pictures, tapestries, art glass windows and other bona fide works of art of rarity, historical value or artistic merit.
2. "Collectibles" mean objects collected as a hobby, for display or as an investment whose value may appreciate.
3. "Memorabilia" means objects valued for their connection to historical events, culture, entertainment or experiences worthy of remembrance.
4. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

All other policy terms and conditions apply.

54843 (12-10)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EQUIPMENT BREAKDOWN ENDORSEMENT**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CAUSES OF LOSS - BASIC FORM  
CAUSES OF LOSS - BROAD FORM  
CAUSES OF LOSS - SPECIAL FORM

**1. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is amended as follows:**

- a. Under **A. COVERAGE**, the following is added:  
We will pay for "Equipment Breakdown" in any one occurrence at any one location where "Equipment Breakdown" is shown in the Declarations. The most we will pay for "Equipment Breakdown" is shown in the Declarations and is subject to the Limits of Insurance Section of this endorsement.
- b. Under **A. COVERAGE, 4. Additional Coverages** is amended as follows:  
(1) **d. Pollutant Clean-up And Removal** is deleted and replaced by the following as it applies to this endorsement only:

**d. Pollutant Clean-up And Removal**

We will pay for the pollutant clean-up, removal, repair or replacement of damaged Covered Property resulting from an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance Section.

This coverage does not include contamination of perishable stock by a refrigerant.

- (2) **e. Electronic Data** is deleted and replaced by the following for this endorsement only:  
**e. Electronic Data Restoration**  
(1) We will pay for your reasonable and necessary cost to research, replace or restore "electronic data" which has been destroyed or corrupted as a result of "Equipment Breakdown". To the extent that "electronic data"

is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored, with blank media of substantially identical type.

- (2) The term "electronic data" has the meaning set forth in the DEFINITIONS Section of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**.

- (3) The amount we pay is subject to the Limits of Insurance Section.

- (3) The following **Additional Coverages** are added:

**(a) Expediting Expenses**

We will pay for the expediting expense loss resulting from an "Equipment Breakdown" with respect to your damaged Covered Property. We will pay the "reasonable extra cost" to:

- 1) Make temporary repairs;  
2) Expedite permanent repairs; or  
3) Expedite permanent replacement.

"Reasonable extra cost" shall mean "the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation". The amount we pay is subject to the Limits of Insurance Section.

**(b) Refrigerant Contamination**

We will pay for loss to your Covered Property that is damaged by contami-

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nation by a refrigerant used in the refrigerating, cooling or humidity control equipment at the described premises as a result of an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance Section.

**(c) Spoilage Coverage**

We will pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "Equipment Breakdown" to types of property covered by this policy, that are:

- 1) Located on or within 1,000 feet of your described premises; and
- 2) Owned by you, the building owner (if you are a tenant), or owned by a public utility, or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission.

However, we will not pay for any physical loss or damage caused by or resulting from any of the causes of loss listed below, unless loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- 1) Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sink-hole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement; or
- 2) Flood, unless an "Equipment Breakdown" ensues.

Our payment will be based upon the actual replacement cost of the perishable goods at the time of loss. The amount we pay is subject to the Limits of Insurance Section.

**(d) CFC Refrigerants**

We will pay for the "additional costs" to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances.

"Additional costs" mean those in excess of what would have been required to repair or replace Covered Property, had no CFC refrigerant been involved. We will also pay for additional loss as described under Spoilage Coverage or loss of Business Income Coverage provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

We will pay no more than the least of the following:

- 1) The cost to repair the damaged property and replace any lost CFC refrigerant;
- 2) The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- 3) The cost to replace the system with one using a non-CFC refrigerant.

The amount we pay is subject to the Limits of Insurance Section.

**(e) Computer Equipment**

We will pay for direct physical loss or damage to your computers as a result of an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance Section.

**(f) Business Interruption, Extra Expense and Service Interruption**

Any insurance provided for Business Income or Extra Expense is extended to apply to your loss, damage or expense caused by an "Equipment Breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet ac-



cess, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "Equipment Breakdown" except that it is not Covered Property.

We will pay:

- 1) Your actual loss sustained from a total or partial interruption of business; and
- 2) The reasonable extra expense you sustain to run your business during the interruption, caused solely by an "Equipment Breakdown", including an "Equipment Breakdown" to any transformer, electrical apparatus, or any covered equipment that is:
  - a) Located on or within 1,000 feet of your described premises;
  - b) Owned by you, the building owner (if you are a tenant), or owned by a public utility company; and
  - c) Used to supply electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission.

The amount we pay is subject to the Limits of Insurance Section.

- (4) The following is added to **5. Coverage Extensions**:

**Replacement Cost Coverage**

We will pay you the amount you actually spend to repair or replace your damaged property with new property of like kind, capacity, size and quality, whichever is less except for the following:

If any damaged property is not repaired or replaced, then we will pay only the actual cash value at the time of the "Equipment Breakdown".

- c. The following provision is added to **B. EXCLUSIONS AND LIMITATIONS** as it applies to this endorsement only:

Under Business Interruption, Extra Expense and Service Interruption, we will not pay for:

- (1) The interruption of business that would not or could not have been carried on if the "Equipment Breakdown" had not occurred;
- (2) Your failure to use due diligence and dispatch and all reasonable means to resume business at the location(s) shown on the Declarations page; or
- (3) The part of any loss or expense that is due solely to the suspension, lapse or cancellation of a contract following an "Equipment Breakdown" extending beyond the time business would have resumed if the contract had not lapsed, been suspended or canceled.

- d. **C. LIMITS OF INSURANCE** is deleted and replaced by the following for this endorsement only:

**C. LIMITS OF INSURANCE**

- (1) The most we will pay for "Equipment Breakdown" for one or more coverages in any one occurrence at any one location is the amount equal to the "total insured value" at each location where "Equipment Breakdown" is shown in the Declarations. This provision does not apply to paragraph (4) below.
- (2) The limit of insurance for **Pollutant Clean-up And Removal, Electronic Data Restoration, Refrigerant Contamination and Spoilage Coverage** are not additional Limits of Insurance, but are included in the "total insured value". We will pay the lesser of "total insured value" or:
  - (a) For Pollutant Clean-up And Removal, the greater of \$25,000 or the limit shown in the Declarations for Pollutant Clean-up And Removal or the limit shown in an endorsement that is attached to the property form;
  - (b) For Electronic Data Restoration, up to \$25,000 for loss, damage or expense including actual loss of Business Income you sustain and necessary Extra Expense you incur;
  - (c) For Refrigerant Contamination, up to \$750,000 for loss or damage; and
  - (d) For Spoilage Coverage, up to \$750,000 for loss or damage.



- (3) In no event will we pay more than the "total insured value" for each location where "Equipment Breakdown" is shown in the Declarations.
- (4) As regards Business Interruption, Extra Expense and Service Interruption, our limit of liability for any one "Equipment Breakdown" is equal to twelve (12) consecutive months of actual loss sustained for a total or partial interruption of your business. The twelve (12) consecutive months begin on the date of the "Equipment Breakdown".

- e. The following conditions are added to **F. ADDITIONAL CONDITIONS**, as they apply to this endorsement only:

**(1) Suspension**

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension or coverage reinstatement to:

- (a) Your last known address; or
- (b) The address where the property is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

**(2) Jurisdictional Inspections**

If any Covered Property under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

**(3) Environmental, Safety and Efficiency Improvements**

If Covered Property requires replacement due to an "Equipment Breakdown", we will pay your additional cost to replace with equipment that is better for the environment,

safer, or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not apply to any property to which Actual Cash Value applies.

**(4) Green Environmental and Efficiency Improvements**

If Covered Property requires repair or replacement due to an "Equipment Breakdown", we will pay:

- a. The lesser of the reasonable and necessary additional cost incurred by you to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as "Green". Like kind and quality includes similar size and capacity.
- b. The additional reasonable and necessary fees incurred by you for an accredited professional certified by a "Green Authority" to participate in the repair or replacement of physically damaged Covered Property as "Green".
- c. The additional reasonable and necessary cost incurred by you for certification or recertification of the repaired or replaced Covered Property as "Green".
- d. The additional reasonable and necessary cost incurred by you for "Green" in the removal, disposal or recycling of damaged Covered Property.
- e. The business interruption (if covered within the policy to which this Equipment Breakdown Endorsement is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "Green", in the coverage above.

We will not pay more than 125%, up to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs and any business interruption loss incurred as stated above.

**Green Environmental and Efficiency Improvements** does not cover any of the following:

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- a. Covered Property does not include stock, raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which you are legally liable, or personal property of others.
- b. Any loss adjusted on any valuation basis other than a repair or replacement cost basis as per E. LOSS CONDITIONS, 4. **Loss Payment**.
- c. Any loss covered under any other Section of this policy.
- d. Any cost incurred due to any law or ordinance with which you were legally obligated to comply with prior to the time of the "Equipment Breakdown".

**(5) Other Insurance Issued By Us**

If this policy provides coverage for Data Processing Equipment Coverages, Electronic Data Processing Equipment, Refrigerated Products or Mechanical Breakdown where two or more of this policy's coverages apply to the same loss or damage, the Coverage of this endorsement shall supercede any coverages provided outside of this Equipment Breakdown Endorsement for the loss or damage that arises out of an "Equipment Breakdown" loss.

This Condition supercedes any similar Condition when provided by us in this policy.

**2. B. EXCLUSIONS of the CAUSES OF LOSS FORMS are amended as follows:**

- a. Under **CAUSES OF LOSS - BASIC FORM** and **CAUSES OF LOSS - BROAD FORM**, the following exclusions are deleted as they apply to this endorsement only:

Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
  - (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
  - (c) Pulse of electromagnetic energy; or
  - (d) Electromagnetic waves or microwaves.
- However, if fire results, we will pay for the loss or damage caused by that fire.

Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, if mechanical breakdown results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

However, if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion.

- b. Under **CAUSES OF LOSS - SPECIAL FORM**, the following exclusions are deleted as they apply to this endorsement only:

- a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
  - (1) Electrical or electronic wire, device, appliance, system or network; or
  - (2) Device, appliance, system or network utilizing cellular or satellite technology.For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:
  - (a) Electrical current, including arcing;
  - (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
  - (c) Pulse of electromagnetic energy; or
  - (d) Electromagnetic waves or microwaves.

However, if fire results, we will pay for the loss or damage caused by that fire.

Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. However, if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

**c. Under CAUSES OF LOSS - SPECIAL FORM, C. LIMITATIONS, the following limitations are deleted as they apply to this endorsement only:**

- (1) Steam boilers, steam pipes, steam engines, or steam turbines caused by or resulting from any condition or event inside such equipment. However, we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than any explosion.

**3. DEFINITIONS are amended as follows as they apply to this endorsement only:**

**a. The CAUSES OF LOSS - SPECIAL FORM, "Specified Causes of Loss" is amended to include "Equipment Breakdown".**

**b. Under CAUSES OF LOSS - SPECIAL FORM, CAUSES OF LOSS - BASIC FORM and CAUSES OF LOSS - BROAD FORM, the following definitions are added:**

"Equipment Breakdown" means:

- (1) Physical loss or damage both originating within:
  - (a) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
    - 1) waste disposal piping;
    - 2) any piping forming part of a fire protective system;
    - 3) furnaces; and

- 4) any water piping other than:
  - a) boiler feed water piping between the feed pump and the boiler;
  - b) boiler condensate return piping; or
  - c) water piping forming part of a refrigerating or air conditioning system.

(b) All mechanical, electrical, electronic or fiber optic equipment; and

- (2) Caused by, resulting from, or consisting of:
  - (a) Mechanical breakdown;
  - (b) Electrical or electronic breakdown; or
  - (c) Rupture, bursting, bulging, implosion, or steam explosion.

However, "Equipment Breakdown" does not mean:

Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- (a) Wear and tear;
- (b) Rust or other corrosion, decay, deterioration, hidden or latent defect, "fungi", wet rot, dry rot, virus, bacteria or any other quality in property that causes it to damage or destroy itself;
- (c) Smog;
- (d) Settling, cracking, shrinking or expansion;
- (e) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (f) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software;
- (g) Scratching or marring; and
- (h) Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:
  - 1) Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement; or

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- 2) Flood, unless an "Equipment Breakdown" ensues.

"Total insured value" means:

The sum of the limits for the following coverages if shown at the location where "Equipment Breakdown" is shown in the Declarations:

- (1) Building;
- (2) Business Personal Property;
- (3) Stock;
- (4) Personal Property of Others;
- (5) Tenants Improvements and Betterments;
- (6) Improvements and Alterations;
- (7) Furniture;
- (8) Fixtures;
- (9) Machinery and Equipment;
- (10) Personal Property in the Open;
- (11) Legal Liability Real Property;
- (12) Business Income and Extra Expense (when Business Income and Extra Expense - Actual Loss Sustained is shown in the Declarations, Business Income and Extra Expense applies at 25% of the sum of the building and business personal property limits at that location);

- (13) Business Income (Without Extra Expense);
- (14) Extra Expense; and
- (15) Any other property described.

"Green" means products, materials, methods and processes certified by a "Green Authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

"Green Authority" means an authority on "Green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), "Green" Building Initiative Green Globes®, Energy Star Rating System or any other recognized "Green" rating system.

"Production machinery" means any machine which processes, forms, shapes or transports raw materials, materials in process, waste materials or finished products.

All other policy terms and conditions apply.

64013 (12-10)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LIMITATION - SPECIALTY GLASS**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - SPECIAL FORM  
CAUSES OF LOSS - BROAD FORM  
CAUSES OF LOSS - BASIC FORM

- A.** Under **LIMITATIONS** in Causes of Loss - Special Form and **LIMITATION** in Causes of Loss - Broad Form and Basic Form, the following limitation is added:  
We will not pay more than \$500 in any one occurrence for direct physical loss of or damage to "specialty glass" at the premises described in the Declarations regardless of the number of panes, plates or similar units of glass. Subject to this aggregate, we will not pay more than \$100 for any one pane, plate, multiple plate insulating unit, jalousie, louver or shutter.

This limitation does not apply to loss or damage by the "specified causes of loss", except vandalism.

- B.** Under **DEFINITIONS**, the following definition is added:  
"Specialty glass" means art glass, etched glass, half tone screens, memorial windows, mosaic art, roto-gravure screens, stained glass or stained glass in leaded sections.

All other policy terms and conditions apply.

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64224 (1-16)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CHANGES - TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART**

**COMMERCIAL PROPERTY CONDITIONS, I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US** is amended. The following condition is added.  
If the claim paid is less than the agreed loss because of any deductible or other limiting terms, the recovery is

prorated between you and us based on the interest of each in the loss. This condition only applies if we pay for a loss and then payment is made by those responsible for the loss.

All other policy terms and conditions apply

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55296 (9-09)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

1. The following exclusion is added to **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions:**

#### **Recording And Distribution Of Material Or Information In Violation Of Law**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- c. The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- d. Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

2. The following exclusion is added to **SECTION I - COVERAGES, COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY, 2. Exclusions:**

#### **Recording And Distribution Of Material Or Information In Violation Of Law**

"Personal injury" or "advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- c. The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- d. Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

All other policy terms and conditions apply.

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55306 (10-15)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VIRGINIA CHANGES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Paragraphs **2.**, **3.** and **5.** of the Cancellation Common Policy Condition are replaced by the following:
- 2.** We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least:
    - a.** 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
    - b.** 45 days before the effective date of cancellation if we cancel for any other reason.
  - 3.** We will mail or deliver written notice to the first Named Insured's last mailing address known to us. If notice is mailed, it will be sent in accordance with Virginia Law.
  - 5.** If this policy is canceled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund. The following provisions govern calculation of return premium.
    - a.** We will compute return premium pro rata and round to the next higher whole dollar when this policy is canceled:
      - (1)** At our request;
      - (2)** Because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;
      - (3)** And rewritten by us or a member of our company group; or
      - (4)** After the first year, if it is a prepaid policy written for a term of more than one year.
    - b.** When this policy is canceled at your request (except when Paragraph **a.(2)**, **a.(3)** or **a.(4)** applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multi-year prepaid policy, we will return the full annual premium for the subsequent years. In addition, earned premium will not be less than our policywriting minimum premium.
- B.** The following is added and supersedes any other provision to the contrary:
- NONRENEWAL**
- 1.** If we elect not to renew this policy, we will mail or deliver a notice of nonrenewal to the first Named Insured shown in the Declarations, stating the reason for nonrenewal, at least:
    - a.** 15 days before the expiration date if the nonrenewal is due to nonpayment of premium; or
    - b.** 45 days before the expiration date if the nonrenewal is for any other reason.
  - 2.** We will mail or deliver written notice of nonrenewal to the first Named Insured's last mailing address known to us. If notice is mailed, it will be sent in accordance with Virginia Law.



**COMMERCIAL GENERAL LIABILITY  
55489 (2-11)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION - REAL ESTATE AGENTS OR BROKERS  
ERRORS OR OMISSIONS**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

The following exclusion is added to Paragraph 2., **Exclusions of SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and Paragraph 2., **Exclusions of SECTION I - COVERAGES, COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY**:

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of any misrepresentation, error or omission by you or any real estate agent or broker who is either employed by you or performing work on your behalf in such capacity.

All other policy terms and conditions apply.

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55556 (3-13)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**VIRGINIA CHANGES**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

Paragraph **f.(1)(a)(i)** under paragraph 2. **Exclusions of SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** is replaced by the following:

- (i) "Bodily injury" or "property damage" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from

equipment that is used to heat, cool, or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests.

All other policy terms and conditions apply.

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55592 (2-14)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## EXCLUSION - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY - WITH LIMITED BODILY INJURY EXCEPTION

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following is added to Paragraph 2. Exclusion  
Section I - Coverage A - Bodily Injury And  
Property Damage Liability:**

This insurance does not apply to:

**Access Or Disclosure Of Confidential Or  
Personal Information And Data-related  
Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of non-public information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), hard or floppy disks,

CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**B. The following is added to Paragraph 2. Exclusions  
of Section I - Coverage B - Personal Injury And  
Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Access Or Disclosure Of Confidential Or  
Personal Information**

"Personal injury" and "advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PRODUCTS-COMPLETED OPERATIONS HAZARD AMENDATORY**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

Under **SECTION V- DEFINITIONS, 17.**

"Products-completed operations hazard" is deleted and replaced by the following.

**17. "Products-completed operations hazard":**

- a.** Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
  - (1)** Products that are still in your physical possession; or
  - (2)** Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
    - (a)** When all of the work called for in your contract has been completed.
    - (b)** When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

- (c)** When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- b.** Does not include "bodily injury" or "property damage" arising out of:
  - (1)** The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
  - (2)** The existence of tools, uninstalled equipment or abandoned or unused materials.

All other policy terms and conditions apply.

**COMMERCIAL GENERAL LIABILITY  
55146 (6-04)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **UPSET AND OVERSPRAY COVERAGE**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

It is agreed the coverage for "property damage" liability with respect to your operations is extended as follows:

**1. COVERAGE**

We will pay those sums which you become legally obligated to pay for "property damage" caused directly by immediate, abrupt and accidental:

- a. Upset, overturn or collision of your "mobile equipment" while transporting; or
- b. "Overspray" during your application or dispersal of

"pollutants" which are intended for and normally used in your operations. The operations must be in compliance with local, state, and federal ordinances and laws.

This is not an additional amount of insurance and does not increase the Limits of Insurance stated in the Declarations.

**2. EXCLUSIONS**

- a. With regard only to the coverage provided by this endorsement, Exclusion f. of **Section I - Coverage A - Bodily Injury And Property Damage Liability** is deleted and replaced by the following:

**f. Pollution**

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

However, this paragraph does not apply to liability for damages because of covered "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

- b. The following exclusion is added to Paragraph 2., **Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability**:

This coverage does not apply to "overspray" resulting from aerial application or dispersal of "pollutants".

**3. DEDUCTIBLE**

Any deductible provision of the policy which is applicable to Property Damage Liability coverage applies to this coverage extension.

**4. DEFINITIONS**

The following definition applies in addition to those in the policy.

"Overspray" means spray, from a device specifically designed for spray application or dispersal, that goes beyond the entire area of intended application or dispersal.

All other policy terms and conditions apply.

## COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

### SECTION I - COVERAGES

#### COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

##### 1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. We may at our discretion investigate any claim or "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
  - (2) The "bodily injury" or "property damage" occurs during the policy period; and
  - (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

d. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

## 2. Exclusions

This insurance does not apply to:

### a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

### b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. However, if the insurance under this policy does not apply to the liability of the insured, it also does not apply to such liability assumed by the insured under an "insured contract".

(2) That the insured would have in the absence of the contract or agreement.

### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

### d. Workers Compensation And Similar Laws

Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

### e. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of employment by the insured; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

### f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:



- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use by the building's occupants or their guests;
  - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
  - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
- (i) Any insured; or
  - (ii) Any person or organization for whom you may be legally responsible;
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
- (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
  - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
  - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of covered "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

**g. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading and unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 26 feet long; and
  - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment".

**h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

**i. War**

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**j. Damage To Property**

"Property damage" to:

- (1) Property you own, rent, occupy or use, including any cost or expense incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Property that any of your:

- (a) "Employees";
- (b) "Volunteer workers";
- (c) Partners or members (if you are a partnership or joint venture); or
- (d) Members (if you are a limited liability company)

own, rent, occupy or use. However, this exclusion j.(2), shall not apply to your liability for damage to such property;

- (3) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (4) Property loaned to you;
- (5) Personal property in the care, custody or control of, or over which physical control is being exercised for any purpose by any insured;
- (6) That particular part of real property on which any insured or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (7) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (2), (4) and (5) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (3) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (4), (5), (6) and (7) of this exclusion do not apply to liability assumed under a side-track agreement.

Paragraph (7) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

**k. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**l. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

**m. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**n. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property"

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**o. Personal Injury And Advertising Injury**

"Bodily injury" arising out of "personal injury" or "advertising injury".

**p. Employment-Related Practices**

"Bodily injury" to:

(1) A person arising out of any:

- (a) Refusal to employ a person;
- (b) Termination of a person's employment;
- (c) Employment-related practice, policy, act or omission, including but not limited to coercion, demotion, evaluation, re-assignment, discipline, defamation, harassment, humiliation or discrimination directed at a person; or
- (d) Criminal or civil action brought against a person by or at the direction of the insured directly or indirectly related to any offense described in (a), (b), or (c) above; or

(2) Anyone as a consequence of "bodily injury" to a person at whom any of the employment-related practices described in Paragraphs (a), (b), (c), or (d) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity;
- (2) Whether the offense is alleged to arise out of the employment during the course or scope of employment, outside the course or scope of employment or after termination of employment;
- (3) Whether directly or indirectly related to a person's prospective, current or past employment; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**q. Asbestos**

Any claim, "suit", action or proceeding against any insured arising out of the discharge,

dispersal, release, escape or inhalation of any asbestos-related particles, dust, irritants, contaminants, "pollutants", toxic elements or materials.

**r. Communicable Disease**

"Bodily Injury" arising out of or resulting from the transmission of any communicable disease by any insured.

**s. Silica Or Silica-Related Dust**

Any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any "silica" or "silica-related dust".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits Of Insurance.

**COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY**

**1. Insuring Agreement**

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. We may at our discretion investigate any claim or offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

b. This insurance applies to "personal injury" and "advertising injury" only if:

- (1) The "personal injury" or "advertising injury" is caused by an offense arising out of your business; and
- (2) The offense causing the "personal injury" or "advertising injury" was committed in the "coverage territory" during the policy period.

## 2. Exclusions

This insurance does not apply to "personal injury" or "advertising injury":

### a. Knowing Violation Of Rights Of Another Or Expected Or Intended Injury

- (1) Caused by or at the direction of any insured with the knowledge that the act would violate the rights of another and would inflict "personal injury" or "advertising injury"; or
- (2) Expected or intended by any insured. This exclusion a.(2), does not apply to "personal injury".

### b. Material Published With Knowledge Of Falsity

Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

### c. Material Published Prior To Policy Period

Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

### d. Criminal Acts

Arising out of a criminal act or violation of a penal statute or ordinance committed by or at the direction of the insured.

### e. Contractual Liability

For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

### f. Breach of Contract

Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

### g. Quality Or Performance Of Goods - Failure To Conform To Statements Or Representations

Arising out of the failure of goods, products or services to conform with any statement or representation of quality or performance made in your "advertisement".

### h. Wrong Description Of Prices

Arising out of the wrong description of the price of goods, products or services.

### i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

Arising out of the infringement of copyright, patent, "trademark", trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement" of copyright, "trade dress" or slogan.

### j. Insureds In Media And Internet Type Businesses

Committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of websites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 15. a., b. and c. of "personal injury" under Section V - Definitions.

For the purposes of j.(1) of this exclusion, the placing of frames, borders, links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

**k. Electronic Chatrooms Or Bulletin Boards**

Arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control for any purpose.

**l. Unauthorized Use Of Another's Name Or Product**

Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

**m. Pollution**

- (1) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.
- (2) For any loss, cost or expense arising out of any:
  - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
  - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

**n. Employment-Related Practices**

- (1) Arising out of any:
  - (a) Refusal to employ a person;
  - (b) Termination of a person's employment;
  - (c) Employment-related practice, policy, act or omission, including but not limited to coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at a person; or
  - (d) Criminal or civil action brought against a person by or at the direction of the

insured directly or indirectly related to any offense described in (a), (b), or (c) above; or

- (2) To anyone as a consequence of "personal injury" or "advertising injury" to a person at whom any of the employment-related practices described in Paragraphs (a), (b), (c), or (d) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity;
- (2) Whether the offense is alleged to arise out of the employment during the course or scope of employment, outside the course or scope of employment or after termination of employment;
- (3) Whether directly or indirectly related to a person's prospective, current or past employment; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**o. Asbestos**

For any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos-related particles, dust, irritants, contaminants, "pollutants", toxic elements or materials.

**p. Communicable Disease**

Arising out of or resulting from the transmission of any communicable disease by any insured.

**q. War**

However, caused, arising directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or



- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**r. Silica Or Silica-Related Dust**

Any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any "silica" or "silica-related dust".

**COVERAGE C. MEDICAL PAYMENTS**

**1. Insuring Agreement**

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
- (1) On premises you own or rent;
  - (2) On ways next to premises you own or rent; or
  - (3) Because of your operations;
- provided that:
- (1) The accident takes place in the "coverage territory" and during the policy period;
  - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
  - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
- (1) First aid administered at the time of an accident;
  - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
  - (3) Necessary ambulance, hospital, professional nursing and funeral services.

**2. Exclusions**

We will not pay expenses for "bodily injury":

**a. Any Insured**

To any insured, except "volunteer workers".

**b. Hired Person**

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

**c. Injury On Normally Occupied Premises**

To a person injured on that part of premises you own or rent that the person normally occupies.

**d. Workers Compensation And Similar Laws**

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers compensation or disability benefit law or a similar law.

**e. Athletics Activities**

To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletics contests.

**f. Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

**g. Coverage A Exclusions**

Excluded under Coverage A.

**h. Asbestos**

For any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos related particle, dust, irritant, contaminant, pollutant, toxic element or material.

**i. Communicable Disease**

Arising out of or resulting from the transmission of any communicable disease by any insured.



## **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B**

If Coverage **A** or **B** apply, we will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. Up to \$2000 for premiums on bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We have no obligation to apply for or furnish these bonds.
3. Premiums on appeal bonds or bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We have no obligation to apply for or furnish these bonds.
4. All reasonable expenses incurred by the insured at our request including actual loss of earnings up to \$250 a day because of time off from work.
5. All costs taxed against the insured in the "suit".
6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

## **SECTION II - WHO IS AN INSURED**

1. If you are designated in the Declarations as:
  - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your

managers are insureds, but only with respect to their duties as your managers.

- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
    - a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business, or your "volunteer workers" only while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for "bodily injury", "personal injury" or "advertising injury":
      - (1) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
      - (2) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1) above;
      - (3) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1) or (2) above; or
      - (4) Arising out of his or her providing or failing to provide professional health care services.
    - b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and

- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

- 3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
  - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

- 4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
  - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
  - c. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

### SECTION III - LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought; or
  - c. Persons or organizations making claims or bringing "suits".
- 2. The General Aggregate Limit is the most we will pay for the sum of:
  - a. Medical expenses under Coverage C;
  - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products completed operations hazard"; and
  - c. Damages under Coverage B.
- 3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
- 4. Subject to 2. above, the Personal Injury and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.
- 5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. Damages under Coverage A; and
  - b. Medical expenses under Coverage C
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
- 6. The Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises,

while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.
8. Beginning with the effective date of this policy, we will provide twice the General Aggregate Limit (other than Products-Completed Operations), shown in the Declarations.

If this policy is written for more than one 12 month period, the General Aggregate Limit for each 12 month period shall never exceed twice the General Aggregate Limit shown in the Declarations. The General Aggregate Limit applies separately to each 12 month period starting with the beginning of the policy period shown in the Declarations.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

#### SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

##### 1. Bankruptcy

Bankruptcy or insolvency of the insured or the insured's estate will not relieve us of our obligations under this Coverage Part.

##### 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
  - (1) How, when and where the "occurrence" or offense took place;
  - (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If any claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of any claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of any claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any correspondence, demands, notices, summonses or papers in connection with any claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of any claim or defense of any "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

##### 3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against

an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### 4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverage A or B of this Coverage Part, our obligations are limited as follows:

##### a. Primary Insurance

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

##### b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
  - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
  - (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
  - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
  - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** - Coverage **A** - Bodily Injury And Property Damage Liability.
- (2) Any other primary insurance available to an insured, other than an additional insured, covering liability for damages arising out of the premises or operations, or the products

and completed operations, for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverage **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

##### c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

#### 5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send

notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

## 6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

## 7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

## 8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

## 9. Motor Vehicle Laws

We will provide coverage:

- a. Up to the minimum required limits; and

- b. Subject to all the terms and conditions of the policy

to comply with any motor vehicle insurance law to the extent such law applies to the "mobile equipment" covered by this Coverage Part.

However, this coverage only applies in the absence of any other applicable insurance.

## SECTION V - DEFINITIONS

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purpose of attracting customers or supporters is considered an advertisement.

- 2. "Advertising injury" means injury arising out of one or more of the following offenses:

- a. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services in your "advertisement";
- b. Oral or written publication, in any manner, of material that violates a person's right of privacy in your "advertisement";
- c. The use of another's advertising idea in your "advertisement"; or
- d. Infringing upon another's copyright, "trade dress" or slogan in your "advertisement".

- 3. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

- 4. "Bodily injury" means bodily injury, bodily sickness or bodily disease sustained by a person, including death resulting from any of these at any time.



**5. "Coverage territory" means:**

- a.** The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b.** International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in **a.** above; or
- c.** All other parts of the world if the injury or damage arises out of:
  - (1)** Goods or products made or sold by you in the territory described in **a.** above;
  - (2)** The activities of a person whose home is in the territory described in **a.** above, but is away for a short time on your business; or
  - (3)** "Personal injury" or "advertising injury" offenses that take place through the Internet or similar electronic means of communication

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in **a.** above or in a settlement we agree to.

- 6.** "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- 7.** "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
- 8.** "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
- 9.** "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
  - a.** It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b.** You have failed to fulfill the terms of a contract or agreement

if such property can be restored to use by:

- a.** The repair, replacement, adjustment or removal of "your product" or "your work"; or
- b.** Your fulfilling the terms of the contract or agreement.

**10. "Insured contract" means:**

- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b.** A sidetrack agreement;
- c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e.** An elevator maintenance agreement; or
- f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings,

opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

(3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

11. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

12. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

13. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

- (1) Power cranes, shovels, loaders, diggers or drills; or
- (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in a., b., c., or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
- (2) Cherry pickers and similar devices used to raise or lower workers; or

f. Vehicles not described in a., b., c., or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

- (a) Snow removal;
- (b) Road maintenance, but not construction or resurfacing; or
- (c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; or

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

14. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.



15. "Personal injury" means other than "bodily injury" arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy.

16. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

17. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
  - (1) Products that are still in your physical possession; or
  - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
    - (a) When all of the work called for in your contract has been completed.
    - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
    - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, shown in the Declarations, states that products-completed operations are included.

18. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

19. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.

20. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

- 21.** "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
  - b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
- 22.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- 23.** "Trademark" means any registered or unregistered word, name, symbol, sign, device or any combination thereof used to identify or distinguish a person's or organization's goods, products or services from those of others and to indicate or identify the origin or source of such goods, products or services, even if the origin or source is unknown. "Trademark" includes registered "trade dress" and "trade dress" which is used with or incorporates any "trademark".
- 24.** "Trade dress" means the unregistered and non-functional distinctive packaging, appearance, image, design, color scheme or shape or combination thereof used to identify or distinguish a person's or organization's goods, products or services from those of others and to indicate or identify the origin or source of such goods, products or services, even if the source is unknown. "Trade dress" does not include:
- a.** Registered "trade dress";
  - b.** "Trademark"; or
  - c.** "Trade dress" which is used with or incorporates any "trademark".
- 25.** "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

- 26.** "Your product":
- a.** Means:
    - (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
      - (a)** You;
      - (b)** Others trading under your name; or
      - (c)** A person or organization whose business or assets you have acquired; and
    - (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
  - b.** Includes:
    - (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
    - (2)** The providing of or failure to provide warnings or instructions.
  - c.** Does not include vending machines or other property rented to or located for the use of others but not sold.
- 27.** "Your work":
- a.** Means:
    - (1)** Work or operations performed by you or on your behalf; and
    - (2)** Materials, parts or equipment furnished in connection with such work or operations.
  - b.** Includes:
    - (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
    - (2)** The providing of or failure to provide warnings or instructions.

55405 (7-08)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CONDITIONAL EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

### **A. Applicability Of This Endorsement**

- 1. The provisions of this endorsement will apply if and when one of the following situations occurs:**

**a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act), terminates; or**

**b. The Program is renewed, extended or otherwise continued in effect:**

**(1) With revisions that increase insurers' statutory percentage deductible or decrease the federal government's statutory percentage share in potential terrorism losses above such deductible, or that results in a change in the level or terms or conditions of coverage; and**

**(2) We are not required by the Program to make terrorism coverage available to you and elect not to do so.**

- 2. When this endorsement becomes applicable in accordance with the terms of A.1.a. or A.1.b., above, it supersedes any terrorism**

**endorsement already endorsed to this policy that addresses "certified acts of terrorism".**

- 3. If this endorsement does NOT become applicable, then any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism", will remain in effect. However, if the Program is renewed, extended or otherwise continued in effect with revisions that change the level or terms or conditions of coverage, and we are required to offer you the revised coverage or to provide revised coverage to those who previously accepted coverage under the Program, then we will take the appropriate steps in response to the federal requirements.**

- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.**

**"Terrorism" means activities against persons, organizations or property of any nature:**

- 1. That involve the following or preparation for the following:**
- a. Use or threat of force or violence; or**
  - b. Commission or threat of a dangerous act; or**

- c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

2. When one or both of the following applies:

- a. The effect is to intimidate or coerce a government or the civilian population or any segments thereof, or to disrupt any segment of the economy; or
- b. It appears that the intent is to intimidate or coerce a government or the civilian population, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added:

**Exclusion Of "Terrorism"**

We will not pay for "bodily injury", "property damage", "personal injury" or "advertising injury" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". All "bodily injury", "property damage", "personal injury" or "advertising injury" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such

injury or damage. This exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination;
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material;
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, regardless of whether this endorsement was in effect during the entirety of that time period or not.

COMMERCIAL GENERAL LIABILITY  
55421 (5-09)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## VIRGINIA COMMERCIAL GENERAL LIABILITY PLUS ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

### 1. EXTENDED WATERCRAFT LIABILITY

Under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, g.**, exclusion (2) is deleted and is replaced by the following:

- (2) A watercraft you do not own that is:
- (a) Less than 50 feet long; and
  - (b) Not being used to carry persons or property for a charge;

### 2. HIRED AUTO AND NON-OWNED AUTO LIABILITY

Coverage for "bodily injury" and "property damage" liability provided under **SECTION I COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, is extended as follows under this item, but only if you do not have any other insurance available to you which affords the same or similar coverage.

#### Coverage

We will pay those sums the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" arising out of the maintenance or use of an "auto":

- a. You do not own;
- b. Which is not registered in your name; or
- c. Which is not leased or rented to you for more than ninety consecutive days

and which is used in your business.

#### Exclusions

With respect to only **HIRED AUTO AND NON-OWNED AUTO LIABILITY**, the exclusions which apply to **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, other than the Nuclear Energy Liability Exclusion Endorsement, do not apply. The following exclusions apply to this coverage:

This coverage does not apply to:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.
- b. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
- c. (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
  - (a) That are, or are contained in any property that is:
    - 1) Being transported or towed by, handled or prepared for placement into or upon, or taken from the "auto";
    - 2) Otherwise in the course of transit by you or on your behalf; or

- 3) Being disposed of, stored, treated or processed into or upon the "auto";
  - (b) Before such "pollutants" or property containing "pollutants" are moved from the place they are accepted by you or anyone acting on your behalf for placement into or onto the "auto"; or
  - (c) After such "pollutants" or property containing "pollutants" are removed from the "auto" to where they are delivered, disposed of or abandoned by you or anyone acting in your behalf.
- c. (1) (a)** above does not apply to "pollutants" that are needed or result from the normal mechanical, electrical or hydraulic functioning of the "auto" or its parts, if the discharge, release, escape, seepage, migration or dispersal of such "pollutants" is directly from a part of the "auto" designed to hold, store, receive or dispose of such "pollutants" by the "auto" manufacturer.
- c. (1) (b)** and **c. (1) (c)** above do not apply, if as a direct result of maintenance or use of the "auto", "pollutants" or property containing "pollutants" which are not in or upon the "auto", are upset, overturned or damaged at any premises not owned by or leased to you. The discharge, release, escape, seepage, migration or dispersal of the "pollutants" must be directly caused by such upset, overturn or damage.
- (2)** Any loss, cost or expense arising out of any:
- (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
  - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".
- d.** "Bodily injury" or "property damage" however caused, arising directly or indirectly, out of:

- (1) War, including undeclared or civil war;
  - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
  - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- e.** "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
- (1) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. However, if the insurance under this policy does not apply to the liability of the insured, it also does not apply to such liability assumed by the insured under an "insured contract".
  - (2) That the insured would have in the absence of the contract or agreement.
- f.** "Property damage" to:
- (1) Property owned or being transported by, or rented or loaned to any insured; or
  - (2) Property in the care, custody or control of any insured
- other than "property damage" to a residence or a private garage by a private passenger "auto" covered by this coverage.
- g.** "Bodily injury" to:
- (1) An "employee" of the insured arising out of and in the course of employment by the insured; or
  - (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:



- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to:

- (1) Liability assumed by the insured under an "insured contract".
- (2) "Bodily injury" to any "employee" of the insured arising out of and in the course of his domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.

#### **Who Is An Insured**

With respect to only this coverage, **SECTION II - WHO IS AN INSURED**, is deleted and replaced by the following:

#### **SECTION II - WHO IS AN INSURED**

Each of the following is an insured with respect to this coverage:

- a. You.
- b. Your partners if you are designated in the Declarations as a partnership or a joint venture.
- c. Your members if you are designated in the Declarations as a limited liability company.
- d. Your "executive officers" if you are designated in the Declarations as an organization other than a partnership, joint venture or limited liability company.
- e. Any person using the "auto" and any person or organization legally responsible for the use of an "auto" not owned by such person or organization, provided the actual use is with your permission.

None of the following is an insured:

- a. Any person engaged in the business of his or her employer with respect to "bodily injury" to any co-"employee" of such person injured in the course of employment.

- b. Any person using the "auto" and any person other than you, legally responsible for its use with respect to an "auto" owned or registered in the name of:
  - (1) Such person; or
  - (2) Any partner or "executive officer" of yours or a member of his or her household; or
  - (3) Any "employee" or agent of yours who is granted an operating allowance of any sort for the use of such "auto".
- c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate.
- d. The owner or lessee (of whom you are a sub-lessee) of a hired "auto" or the owner of an "auto" you do not own or which is not registered in your name which is used in your business or any agent or employee of any such owner or lessee.
- e. Any person or organization with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

#### **Additional Definitions**

The following definition applies to only this coverage:

"Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".

#### **Limits of Insurance**

With respect to only this coverage, **SECTION III - LIMITS OF INSURANCE**, is deleted and replaced by the following:

#### **SECTION III - LIMITS OF INSURANCE**

- a. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - (1) Insureds;
  - (2) Claims made or "suits" brought; or

(3) Persons or organizations making claims or bringing "suits".

b. We will pay damages for "bodily injury" or "property damage" up to the limits of liability stated in the Declarations for this coverage. Such damages shall be paid as follows:

- (1) When Hired Auto and Non-Owned Auto Each Occurrence Limit is shown in the Declarations, such limit is the total amount of coverage and the most we will pay for all damages because of or arising out of all "bodily injury" and "property damage" in any one "occurrence".
- (2) When Bodily Injury Hired Auto and Non-Owned Auto Each Occurrence Limit and Property Damage Hired Auto and Non-Owned Auto Each Occurrence Limit are shown in the Declarations:
  - (a) The limit shown for Bodily Injury Hired Auto and Non-Owned Auto Each Occurrence is the total amount of coverage and the most we will pay for all damages because of or arising out of all "bodily injury" in any one "occurrence".
  - (b) The limit shown for Property Damage Hired Auto and Non-Owned Auto Each Occurrence is the total amount of coverage and the most we will pay for all damages because of or arising out of all "property damage" in any one "occurrence".

### 3. BROADENED SUPPLEMENTARY PAYMENTS

Under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY** and **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B:**

Paragraph 4., the amount we will pay for the actual loss of earnings is increased from \$250 per day to \$400 per day.

### 4. ADDITIONAL PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT

If the endorsement, **EXCLUSION - PRODUCTS COMPLETED OPERATIONS HAZARD, CG 21 04,**

is not attached to this policy, then the following is added to **SECTION III - LIMITS OF INSURANCE:**

Commencing with the effective date of this policy, we will provide one additional Products-Completed Operations Aggregate Limit, for each annual period, equal to the amount of the Products-Completed Operations Aggregate Limit shown in the Declarations. The maximum Products-Completed Operations Aggregate Limit for any annual period will be no more than two times the original Products-Completed Operations Aggregate Limit.

### 5. PERSONAL INJURY EXTENSION

- a. If the endorsement **EXCLUSION - PERSONAL INJURY AND ADVERTISING INJURY, 55350,** is attached to this policy, then this provision, **5. PERSONAL INJURY EXTENSION,** does not apply.
- b. If the endorsement **EXCLUSION - PERSONAL INJURY AND ADVERTISING INJURY, 55350,** is not attached to this policy, then under **SECTION V - DEFINITIONS, 15. "Personal injury"** is deleted and replaced by the following:
  - 15. "Personal injury"** means, other than "bodily injury", arising out of one or more of the following offenses:
    - a. False arrest, detention or imprisonment;
    - b. Malicious prosecution;
    - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
    - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
    - e. Oral or written publication of material that violates a person's right of privacy; or
    - f. Discrimination, humiliation, sexual harassment and any violation of civil rights caused by such discrimination, humiliation or sexual harassment.

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## 6. BROADENED KNOWLEDGE OF OCCURRENCE

Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**, the following paragraph is added:

Paragraphs **a.** and **b.** of this condition will not serve to deny any claim for failure to provide us with notice as soon as practicable after an "occurrence" or an offense which may result in a claim:

- a. If the notice of a new claim is given to your "employee"; and
- b. That "employee" fails to provide us with notice as soon as practicable.

This exception shall not apply:

- a. To you; or
- b. To any officer, director, partner, risk manager or insurance manager of yours.

## 7. DAMAGE TO PREMISES RENTED TO YOU

Under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, the last paragraph is deleted and replaced by the following:

Exclusions **c.** through **n.** do not apply to damage by fire, lightning, explosion, smoke or water damage to premises rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in **7. DAMAGE TO PREMISES RENTED TO YOU, a. Limits of Insurance.**

The following additional exclusions apply to "property damage" arising out of Water Damage to premises rented to you or temporarily occupied by you with permission of the owner:

### (1) "Property damage" to:

- (a) The interior of the premises caused by or resulting from rain or snow, whether driven by wind or not; or
- (b) Heating, air conditioning, plumbing or fire protection systems, or other equipment or appliances.

### (2) "Property damage" caused by or resulting from any of the following:

- (a) Mechanical breakdown, including bursting or rupture caused by centrifugal force;
- (b) Cracking, settling, expansion or shrinking;
- (c) Smoke or smog;
- (d) Birds, insects, rodents or other animals;
- (e) Wear and tear;
- (f) Corrosion, rust, decay, fungus, deterioration, hidden or latent defect or any quality in property that causes such property to destroy or damage itself; or
- (g) Water that flows or leaks from any heating, air conditioning, plumbing or fire protection system caused by or resulting from freezing, unless:

- 1) You make a reasonable effort to maintain heat in the building or structure; or
- 2) You drain the equipment and shut off the water supply if the heat is not maintained.

### (3) "Property damage" caused directly or indirectly by any of the following:

- (a) Water that backs up from a drain or sewer;
- (b) Mud flow or mudslide;
- (c) Volcanic eruption, explosion or effusion;
- (d) Any earth movement, such as earthquake, landslide, mine subsidence, earth sinking, earth rising or earth shifting;
- (e) Regardless of the cause, flood, surface water, waves, tides, tidal waves, storm surge, overflow of any body of water, or their spray, all whether wind driven or not;

(f) Water under the ground surface pressing on, or seeping or flowing through:

- 1) Walls, foundations, floors or paved surfaces;
- 2) Basements, whether paved or not; or
- 3) Doors, windows or other openings.

(4) "Property damage" for which the insured is obligated to pay as damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of this contract or agreement.

**a. Limits of Insurance**

With respect to this coverage only, under **SECTION III - LIMITS OF INSURANCE**, paragraph 6. is deleted and replaced by the following:

6. The most we will pay under Coverage A for damages because of "property damage" to premises rented to you or temporarily occupied by you with permission of the owner arising out of or caused by fire, lightning, explosion, smoke and water damage is the amount shown in the Declarations under Damage to Premises Rented to You.

b. Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 4. Other Insurance**, paragraph b., the word fire is amended to include fire, lightning, explosion, smoke or water damage.

**8. BLANKET ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT**

a. **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization with whom you have agreed:

- (1) In a written contract or agreement, executed prior to loss, to name as an additional insured; or
- (2) In an oral contract or agreement, executed prior to loss, to name as an additional insured only if a Certificate of Insurance was issued prior to loss indicating that the person or organization was an additional insured

but only with respect to liability for:

- (1) "Bodily injury";
- (2) "Property damage";
- (3) "Personal injury"; or
- (4) "Advertising injury"

caused in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

b. With respect to the insurance afforded to an additional insured, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

c. The following is added to **SECTION III - LIMITS OF INSURANCE**:

The Limits of Insurance for the additional insured are those specified in the written contract or agreement between the insured and the lessor, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.

**9. BLANKET ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES**

a. **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization with whom you have agreed:

- (1) In a written contract or agreement, executed prior to loss, to name as an additional insured; or
- (2) In an oral contract or agreement, executed prior to loss, to name as an additional insured only if a Certificate of Insurance was issued prior to loss indicating that the person or organization was an additional insured

but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you.

b. This provision is subject to the following additional exclusions, applicable to this provision only:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises.

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- (2) Structural alterations, new constructions or demolition operations performed by or on behalf of the additional insured.
- c. The following is added to **SECTION III - LIMITS OF INSURANCE:**

The Limits of Insurance for the additional insured are those specified in the written contract or agreement between the insured and the manager or lessor of the premises, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.

#### 10. NEWLY FORMED OR ACQUIRED ORGANIZATIONS

Under **SECTION II - WHO IS AN INSURED**, Paragraph 4. is deleted and replaced by the following:

4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as an insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

#### 11. BLANKET WAIVER OF SUBROGATION

The following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 8. Transfer Of Rights of Recovery Against Others To Us.**

When you have agreed to waive your right of subrogation in a written contract, executed prior to loss, with any person or organization, we waive any right to recovery we may have against such person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard".

All other policy terms and conditions apply.

COMMERCIAL GENERAL LIABILITY  
55513 (11-11)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## EMPLOYER'S LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. **SECTION I - COVERAGES** is amended as follows.  
Under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, 2. **EXCLUSIONS**, exclusion **e. Employer's Liability** is deleted and replaced by the following exclusion.
  - e. Employer's Liability**  
"Bodily injury" to:
    - (1) An "employee" of any insured arising out of and in the course of employment by any insured; or
    - (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.This exclusion applies:
    - (1) Whether any insured may be liable as an employer or in any other capacity; and
    - (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.This exclusion does not apply to liability assumed by any insured under an "insured contract".
2. **SECTION II - WHO IS AN INSURED** is amended as follows.  
Paragraph 1. is deleted and replaced by the following.
  1. If you are designated in the Declarations as:
    - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
    - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
    - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business.
  - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.However, with respect to paragraphs 1.a. through 1.e. above, no person is an insured for "bodily injury", "personal injury" or "advertising injury":
  - a. To:
    - (1) You and your spouse if the Named Insured is an individual;
    - (2) Your members, your partners and their spouses if the Named Insured is a partnership or joint venture;
    - (3) Your members if the Named Insured is a Limited Liability Company;
    - (4) Your "executive officers" and directors if the Named Insured is other than a partnership, joint venture or limited liability company; or
    - (5) Your trustees if the Named Insured is a trust.
  - b. To an "employee" of any insured while in the course of his or her employment or performing duties related to the conduct of any insured's business.
  - c. To any insured's "volunteer workers" while performing duties related to the conduct of any insured's business;
  - d. To the spouse, child, parent, brother or sister of any "employee" or "volunteer worker" as a consequence of Paragraphs b. or c. immediately above.



e. For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **a.**, **b.** and **c.** immediately above.

f. Arising out of his or her providing or failing to provide professional health care services.

All other policy terms and conditions apply.

55718 (11-15)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## EXCLUSION - UNMANNED AIRCRAFT

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion **2.g. Aircraft, Auto Or Watercraft** under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** is deleted and replaced by the following.

#### 2. Exclusions

This insurance does not apply to:

##### g. Aircraft, Auto Or Watercraft

###### (1) Unmanned Aircraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This Paragraph **g.(1)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

###### (2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This Paragraph **g.(2)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance,

use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This Paragraph **g.(2)** does not apply to:

- (a) A watercraft while ashore on premises you own or rent;
- (b) A watercraft you do not own that is:
  - (i) Less than 26 feet long; and
  - (ii) Not being used to carry persons or property for a charge;
- (c) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (d) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (e) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

- B. The following exclusion is added to Paragraph 2. **Exclusions of COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY.**

#### 2. Exclusions

This insurance does not apply to:

##### Unmanned Aircraft

"Personal injury" or "advertising injury" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the offense which caused the "personal injury"

or "advertising injury" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

This exclusion does not apply to:

- a. The use of another's advertising idea in your "advertisement"; or
- b. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

C. The following definition is added to **SECTION V - DEFINITIONS**.

"Unmanned aircraft" means an aircraft that is not:

- 1. Designed;
  - 2. Manufactured; or
  - 3. Modified after manufacture
- to be controlled directly by a person from within or on the aircraft.

All other policy terms and conditions apply.

54833 (7-08)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **CONDITIONAL EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART**

#### **A. Applicability Of This Endorsement**

1. The provisions of this endorsement will apply if and when one of the following situations occurs:
  - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act), terminates; or
  - b. The Program is renewed, extended or otherwise continued in effect:
    - (1) With revisions that increase insurers' statutory percentage deductible or decrease the federal government's statutory percentage share in potential terrorism losses above such deductible, or that results in a change in the level or terms or conditions of coverage; and
    - (2) We are not required by the Program to make terrorism coverage available to you and elect not to do so.
2. When this endorsement becomes applicable in accordance with the terms of A.1.a. or A.1.b., above, it supersedes any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism".

3. If this endorsement does NOT become applicable, then any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism", will remain in effect. However, if the Program is renewed, extended or otherwise continued in effect with revisions that change the level or terms or conditions of coverage, and we are required to offer you the revised coverage or to provide the revised coverage to those who previously accepted coverage under the Program, then we will take the appropriate steps in response to the federal requirements.

- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
  - a. Use or threat of force or violence; or
  - b. Commission or threat of a dangerous act; or
  - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

2. When one or both of the following applies:
  - a. The effect is to intimidate or coerce a government or the civilian population or any segments thereof, or to disrupt any segment of the economy; or
  - b. It appears that the intent is to intimidate or coerce a government or the civilian population, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added:

**Exclusion Of "Terrorism"**

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination;

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material;
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, regardless of whether this endorsement was in effect during the entirety of that time period or not.

**D. Exception To Exclusion Of "Terrorism" For Certain Fire Losses**

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage caused by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms or to the Legal Liability Coverage Form.

**CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM  
and  
IMPORTANT INFORMATION REGARDING TERRORISM RISK INSURANCE  
COVERAGE**

This endorsement modifies coverage provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS COVERAGE PART  
RAILROAD PROTECTIVE COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART

It is agreed:

1. With respect to any one or more "certified acts of terrorism", we will not pay any amounts for which we are not responsible because of the application of any provision which results in a cap on our liability for payments for terrorism losses in accordance with the terms of the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act).
2. "Certified act of terrorism" means any act certified by the Secretary of the Treasury, in concurrence with:
  - a. the Secretary of State; and
  - b. the Attorney General of the United Statesto be an act of terrorism as defined and in accordance with the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act).
3. Under the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act) a terrorist act may be certified:
  - a. if the aggregate covered commercial property and casualty insurance losses resulting from the terrorist act exceed \$5 million; and
  - b. (1) if the act of terrorism is:
    - a) a violent act; or
    - b) an act that is dangerous to human life, property or infrastructure; and(2) if the act is committed:
    - a) by an individual or individuals as part of an effort to coerce the civilian population of the United States; or
    - b) to influence the policy or affect the conduct of the United States Government by coercion.

All other policy terms and conditions apply.



## IMPORTANT INFORMATION REGARDING TERRORISM RISK INSURANCE COVERAGE

The Terrorism Risk Insurance Act of 2002 was signed into law on November 26, 2002. The Act (including ensuing Congressional actions pursuant to the Act) defines an act of terrorism, to mean any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States to be (i) an act of terrorism; (ii) to be a violent act or an act that is dangerous to human life, property or infrastructure; (iii) to have resulted in damage within the United States or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States government by coercion.

Subject to the policy terms and conditions, this policy provides insurance coverage for acts of terrorism as defined in the Act.

Any coverage for certain commercial lines of property and casualty insurance provided by your policy for losses caused by certified acts of terrorism are partially paid by the federal government under a formula established by federal law. Under this formula, the government will reimburse us for 85% of such covered losses that exceed the statutory deductible paid by us. **You should also know that in the event aggregate insured losses exceed \$100 billion during any year the Act is in effect, then the federal government and participating United States insurers that have met their insurer deductible shall not be liable for the payment of any portion of that amount of the loss that exceeds \$100 billion. In the event that aggregate insured losses exceed \$100 billion annually, no additional claims will be paid by the federal government or insurers.** This formula is currently effective through December 31, 2014.

The premium charge, if any, for this coverage is shown separately on the attached Declarations page. In the event of a certified act of terrorism, future policies also may include a government assessed terrorism loss risk-spreading premium in accordance with the provisions of the Act.

Please contact us or your agency if you would like to reject coverage for certified acts of terrorism.

IL 00 03 07 02

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALCULATION OF PREMIUM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EFFECTIVE TIME CHANGES - REPLACEMENT OF 12 NOON**

This endorsement modifies the COMMON POLICY DECLARATIONS.

To the extent that coverage in this policy replaces coverage in other policies terminating noon standard time on the inception date of this policy, coverage under this policy shall not become effective until such other coverage has terminated.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **COMMERCIAL PROPERTY CONDITIONS**

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

### **A. CONCEALMENT, MISREPRESENTATION OR FRAUD**

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

### **B. CONTROL OF PROPERTY**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

### **C. INSURANCE UNDER TWO OR MORE COVERAGES**

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

### **D. LEGAL ACTION AGAINST US**

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and

2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

### **E. LIBERALIZATION**

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

### **F. NO BENEFIT TO BAILEE**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

### **G. OTHER INSURANCE**

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

### **H. POLICY PERIOD, COVERAGE TERRITORY**

Under this Coverage Part:

1. We cover loss or damage commencing:

- a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
- a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything neces-

sary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- 1. Prior to a loss to your Covered Property or Covered Income.
- 2. After a loss to your covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.

CP 01 30 10 15

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VIRGINIA CHANGES**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART**

- A. Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:**
- 5.** If this policy is cancelled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund. The following provisions govern calculation of return premium:
- a.** We will compute return premium pro rata and round to the next higher whole dollar when this policy is cancelled:
- (1)** At our request;
  - (2)** Because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;
  - (3)** And rewritten by us or a member of our company group; or
  - (4)** After the first year, if it is a prepaid policy written for a term of more than one year.
- b.** When this policy is cancelled at your request (except when Paragraph **a.(2)**, **a.(3)** or **a.(4)** applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multi-year prepaid policy, we will return the full annual premium for the subsequent years. In addition, earned premium will not be less than our policywriting minimum premium.
- B. The **Appraisal** Loss Condition is replaced by the following:**
- Appraisal**
- If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select

an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, the insured or the insurer may apply in writing, for the appointment of an umpire, to the judge of the circuit court of the county or city in which the damaged or destroyed property was located at the time of loss. The appraisers will state separately the value of the property and amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Any outcome of the appraisal will be binding on both parties.

Each party will:

- 1.** Pay its own appraiser; and
- 2.** Bear the other expenses of the appraisal and umpire equally.

However, if we make written demand for an appraisal of the loss, we will reimburse you for the reasonable cost of your chosen appraiser, and for your portion of the cost of the umpire.

If there is an appraisal, we will still retain our right to deny the claim.

- C. Paragraph **a.(1)** of the **Duties In The Event Of Loss Or Damage** Loss Condition does not apply.**
- D. When insurance is provided under the:**  
Legal Liability Coverage Form or Mortgageholders Errors And Omissions Coverage Form  
The following is added and supersedes any other provisions to the contrary:
- If we elect to cancel or not renew this policy, then:
- 1.** We will mail or deliver a written notice of such action to the first Named Insured shown in the Declarations stating the reason, at least:
    - a.** 15 days before the effective date of cancellation or the expiration date of this policy for nonpayment of premium; or
    - b.** 45 days before the effective date of cancellation or the expiration date of this policy for any other reason.

2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, it will be sent in accordance with Virginia Law; proof of mailing will be sufficient proof of notice.
- E. For insurance provided under the Commercial Property Coverage Part, if the Replacement Cost Optional Coverage is shown in the Commercial Property Coverage Part Declarations, the following provision applies and supersedes any provision to the contrary:  
You may make an initial claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Replacement Cost Optional Coverage provides if you notify us of your intent to do so within six months of the later of the following dates:
  1. The last date on which you received a payment for actual cash value; or
  2. The date of entry of a final order of a court of competent jurisdiction declaring your right to full replacement cost.
- F. The **Fire Department Service Charge** Additional Coverage is replaced by the following:  
**Fire Department Service Charge**
  1. When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at

- each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.
- This Additional Coverage applies to your liability for fire department service charges:
- a. Assumed by contract or agreement prior to loss; or
  - b. Required by local ordinance.
2. If the fire department service charge is not covered under the terms of Paragraph 1., then the following applies:  
When a volunteer fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay the amount billed to you, up to \$250, unless a higher limit is shown in the Declarations for volunteer fire department service charges.  
This Additional Coverage applies to your liability for service charges billed to you by a volunteer fire department, provided that:
    - a. The volunteer fire department is not fully funded by real estate taxes or other property taxes; and
    - b. The service charge is not made in response to a call outside of the volunteer fire department's fire protection district, city or municipality pursuant to a contract.

No Deductible applies to this Additional Coverage.



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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VIRGINIA CHANGES**

This endorsement modifies insurance provided under the following when written as part of a Commercial Package Policy containing liability coverage and supersedes the cancellation and nonrenewal provisions contained in any amendatory endorsement(s) of a policy to which this endorsement is attached.

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART

- A. Paragraphs 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:**
- 2.** We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least:
    - a.** 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
    - b.** 45 days before the effective date of cancellation if we cancel for any other reason.
  - 3.** We will mail or deliver written notice to the first Named Insured's last mailing address known to us. If notice is mailed, it will be sent in accordance with Virginia Law.
  - 5.** If this policy is cancelled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund. The following provisions govern calculation of return premium:
    - a.** We will compute return premium pro rata and round to the next higher whole dollar when this policy is cancelled:
      - (1)** At our request;
      - (2)** Because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;
      - (3)** And rewritten by us or a member of our company group; or
      - (4)** After the first year, if it is a prepaid policy written for a term of more than one year.
- b.** When this policy is cancelled at your request (except when Paragraph **a.(2)**, **a.(3)** or **a.(4)** applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multi-year prepaid policy, we will return the full annual premium for the subsequent years. In addition, earned premium will not be less than our policywriting minimum premium.
- B. The following is added and supersedes any other provision to the contrary:**
- Nonrenewal**
- 1.** If we elect not to renew this policy, we will mail or deliver a notice of nonrenewal to the first Named Insured shown in the Declarations, stating the reason for nonrenewal, at least:
    - a.** 15 days before the expiration date if the nonrenewal is due to nonpayment of premium; or
    - b.** 45 days before the expiration date if the nonrenewal is for any other reason.
  - 2.** We will mail or deliver written notice of nonrenewal to the first Named Insured's last mailing address known to us. If notice is mailed, it will be sent in accordance with Virginia Law.
  - 3.** If notice is mailed, proof of mailing will be sufficient proof of notice.

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Page 1 of 1

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. EXAMINATIONS OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

### E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

**F. TRANSFER OF YOUR RIGHTS AND DUTIES  
UNDER THIS POLICY**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

IL 00 21 07 02

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (Broad Form)**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

**1. The insurance does not apply:**

**A. Under any Liability Coverage, to "bodily injury" or "property damage":**

- (1)** With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2)** Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

**B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.**

**C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:**

- (1)** The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;
- (2)** The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3)** The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located

within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

**2. As used in this endorsement:**

"Hazardous properties" include radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";
- (c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

**JoAnne Davis**

---

**From:** Bryce Powell  
**Sent:** Friday, October 05, 2018 3:55 PM  
**To:** JoAnne Davis  
**Subject:** Re: FW:Please DocuSign:Fanalter, LLC - Subscription 2018.pdf

Great , Thanks . All is well here in Aspen .

Sent from my iPhone.

---

**From:** JoAnne Davis  
**Sent:** Friday, October 5, 2018 12:18:23 PM  
**To:** Bryce Powell  
**Subject:** RE: FW:Please DocuSign:Fanalter, LLC - Subscription 2018.pdf

Wire is done!! Hope you are having good weather out there.....it's been hot here! Cloudy & drizzling here now, supposed to cool off some for the weekend.

---

**From:** Bryce Powell  
**Sent:** Friday, October 05, 2018 8:58 AM  
**To:** JoAnne Davis <mei@msva.net>  
**Subject:** FW:Please DocuSign:Fanalter, LLC - Subscription 2018.pdf

Hi Joanne, please wire to the instructions below from MEI today, Thanks, Bryce.

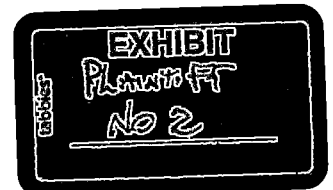
Sent from my iPhone

**From:** "Jim Moses via DocuSign" <dse\_na2@docusign.net>  
**Date:** October 5, 2018 at 5:06:36 PM GMT+2  
**To:** "Bryson Powell" <ebp@msva.net>  
**Subject:** Please DocuSign:Fanalter, LLC - Subscription 2018.pdf  
**Reply-To:** Jim Moses <jim@fanalterinvllc.com>

Dear Bryson,  
Thank you for your participation in the current Fanalter investment. Please sign the attached subscription document and and wire \$42,302.46

to:  
Regions Bank  
Account Name: Fanalter  
Routing: 062005690  
Account Number: 0211780533  
Address: 509 Drake Ave SW  
Huntsville, AL 35801

Please reach out if you have any questions.







Forest Claims Branch  
PO Box 509 | Forest VA 24551-0509  
116Q Vista Park Dr | Forest VA 24551-4550  
p. 800.385.8858 | f. 434.385.4563 | auto-owners.com  
Forest.clm@aocins.com

October 18, 2018

**Sent Regular and Certified Mail 7017 0190 0000 2265 1434**

Midlothian Enterprises Inc.  
Attn.: Bryce Powell  
PO Box 190  
Manakin Sabot, VA 23103

**RE: Claim #: 300-333978-2018**  
**Insured: Midlothian Enterprises Inc.**  
**DOL: 10/05/2018**  
**Subject: Coverage Position Letter**

Dear Mr. Powell:

We are writing in regards to a claim filed for theft of money that was wire transferred. At the time of the loss, Midlothian Enterprises Inc. (hereinafter referred to as Midlothian), was insured under a Tailored Protection Policy (policy #: 43771403; policy effective dates: 05/01/2018 to 05/01/2019). The policy carries an endorsement for money and securities coverage with a \$50,000 coverage limit.

We have recently completed our investigation into this claim. In speaking with you and reviewing the documentation provided, we understand that hackers intercepted an email to your secretary with no wiring instructions and altered it to include wiring instructions on October 5, 2018. Your secretary completed the transfer for \$42,302.46 as she was under the impression the email was from you. On October 9, 2018, hackers sent another wire request from your account that was very similar to a previous legitimate wire transfer request you made. She completed this transfer of \$141,387.20 on October 9, 2018.

A third wire transfer request was made for around \$400,000, in which your secretary called you and you confirmed that you had not made any of the three requests. This transfer was not completed and your financial institution and police were contacted.

Please refer to the Building and Personal Property Coverage Form, form # 64000 (12-10), which reads:

**A. COVERAGE**

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

**1. Covered Property**



**b. Outside The Premises**

(1) We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company.

The loss must result from

(a) "Theft"; or

(b) Disappearance or destruction.

(2) Any covered "money" and "securities" loss from an armored motor vehicle company, we will pay only for the amount of loss you cannot recover:

(a) Under your contract with the armored motor vehicle company; and

(b) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

**B. EXCLUSIONS**

1. The Covered Causes Of Loss Form shown in the Declarations as applicable to Property, does not apply to this coverage.

2. We will not pay for loss caused by any of the following:

**n. Voluntary Parting Of Title To Or Possession Of Property:** Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

The following definitions apply to the cited policy language:

1. "Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

4. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

6. "Premises" means the interior of that portion of any building you occupy in conducting your business.

8. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you but does not include "money".

9. "Theft" means any act of stealing.

The Money and Securities endorsement modifies the policy by providing coverage for Money and Securities up to a limit of \$50,000.00. The endorsement excludes losses that result from voluntary parting with property induced by a dishonest act. As the "hacker" provided a document which induced Midlothian to voluntarily wire \$183,689.66 to a fraudulent account, we are unable to provide coverage for this claim.

Covered Property, as used in this Coverage Part, means the type of property described in Section A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

**b. Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property - Separation Of Coverage endorsement:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove; and
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

## **2. Property Not Covered**

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;

The form is modified by the Money and Securities endorsement, form # 54219 (12-10), as follows:

**A. A. COVERAGE** is amended as follows:

1. Under **2. Property Not Covered**, a. is deleted and replaced by the following for this endorsement only:
  - a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities.However, "money" and "securities" are covered as provided by this endorsement.

2. Under **4. Additional Coverages**, the following Additional Coverage is added:

### **Money And Securities**

#### **a. Inside The Premises**

- (1) We will pay for loss of "money" and "securities" inside the "premises" or a "banking premises" resulting directly from:
  - (a) "Theft"; or
  - (b) Disappearance or destruction.
- (2) We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities" if you are the owner of the "premises" or are liable for damage to it.
- (3) We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the "premises" resulting directly from an actual or attempted:
  - (a) "Theft" of; or
  - (b) Unlawful entry into those containers.

All rights, terms, conditions, and exclusions in your policy are full force and effect and are completely reserved. No action by any employee, agent, attorney or other person on behalf of Owners Insurance Company; or hired by Owners Insurance Company on your behalf; shall waive or be construed as having waived any right, term, condition, exclusion or any other provision of the policy.

If there is any additional information that you believe to be relevant to the question of coverage, or if you believe that any of the facts or information stated upon which Owners Insurance Company has relied is not accurate, please advise.

Regards,

*Ryan S. Burnette*

Owners Insurance Company  
Ryan S. Burnette, AIC, AIM, AINS  
Senior Claim Representative  
(434) 983-1214

**VIRGINIA STATUTES PROVIDE THAT:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

RECEIVED  
DEC 27 2018  
CLERK'S OFFICE  
HENRICO CIRCUIT COURT